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UNITED STATES OF AMERICA

DEPARTMENT OF THE INTERIOR

MEETING OF THE ORGANIZATION COMMITTEE
OF THE NATIONAL PETROLEUM COUNCIL

Washington, D.C.

September 26, 1946

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UNITED STATES OF AMERICA

DEPARTMENT OF THE INTERIOR

MEETING OF THE ORGANIZATION COMMITTEE
OF THE NATIONAL PETROLEUM COUNCIL

Conference Room of the Secretary of
the Department of the Interior,
(New) Department of the Interior Bldg.,
Washington, D. C.,
Thursday, September 26, 1946.

Met, pursuant to notice, at 10:00 o'clock a.m.

PRESENT:

WALTER S. HALLANAN, Temporary Chairman, (presiding);
RUSSELL B. BROWN, Temporary Secretary; and
J. B. BROWN, Acting Temporary Secretary.

Also present:

RALPH K. DAVIES, Acting Director, Oil and Gas
Division, Department of the Interior;

FRED W. JOHNSON, Commissioner, Bureau of
Land Management, Department of the Interior;

WILLIAM EMBRY WRATHER, Director, Geological Survey,
Department of the Interior; and

R. R. SAYES, Director, Bureau of Mines, Department
of the Interior.

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(For listing of names of members
present (on roll call), see pp. 2-11.)

P R O C E E D I N G S

Mr. Hallanan: The Council will please come to order.

I will ask the Secretary to call the roll of the members present. In view of the fact that there are perhaps some members of the Council who are not as well known as some of the others, I am going to ask each member, as his name is called and as he answers "present", to rise to his feet, so we may get to know him, so when he rises on other occasions we may salute him and address him properly.

(The roll call showed the following members present:)

H. T. Ashton, President

Western Petroleum Refiners Association

Care, Socony-Vacuum Oil Co.

St. Louis, Missouri

Col. T. H. Barton, President

Lion Oil Company

El Dorado, Arkansas

Burt R. Bay, President

Northern Natural Gas Co.

Omaha 1, Nebraska

Paul G. Blazer,

Chairman of the Board

Ashland Oil & Refining Co.

Ashland, Kentucky

Wm. R. Boyd, Jr., President
American Petroleum Institute
50 West 50th Street
New York 20, New York

Rodd Brazell
Leonard Refineries, Inc.

J. S. Bridwell, President
Bridwell Oil Company

Russell B. Brown, General Counsel
Independent Petroleum Assn. of America
500 Investment Building

Robert H. Colley, President
The Atlantic Refining Company

Henry M. Davies, President
The Pure Oil Company
35 East Wacker Drive

E. DeGolyer
DeGolyer and MacNaughton
1000 Continental Bldg.
Dallas, Texas

Fayette B. Dow

National Petroleum Association

Munsey Building

Washington, D. C.

Gordon Duke

Southeastern Oil, Inc.,

Jacksonville, Florida

or

Lincoln Building

New York 17, N. Y.

James F. Dunnigan

Producers Refining Co., Inc.

West Branch, Michigan

W. H. Ferguson

Executive Vice President

Continental Oil Company

Denver, Colorado

Walter S. Hallinan, President

Plymouth Oil Company

Benedum-Trees Building

Pittsburgh 22, Pa.

D. P. Hamilton, President

Root Petroleum Company

Shreveport, Louisiana

Jake L. Hamon

Horn and Hamon

Dallas, Texas

B. A. Harday, President

Independent Petroleum Assn. of America

Care, Louisiana Mineral Board

Shreveport, Louisiana

George A. Hill, Jr., President

Houston Oil Company of Texas

Houston, Texas

W. T. Holliday, President

Standard Oil Company (Ohio)

Midland Building

Cleveland 15, Ohio

Eugene Holman, President

Standard Oil Company (New Jersey)

30 Rockefeller Plaza

New York 20, N. Y.

D. A. Mulley, President

Lone Star Gas Company

1915 Wood Street

Dallas, Texas

A. Jacobson, President

Anspach Petroleum Corporation

120 Broadway, New York, N. Y.

B. Brewster Jennings, President
Socony-Vacuum Oil Co., Inc.
26 Broadway
New York, N. Y.

Allen A. Jergins, President
San Joaquin Valley Oil Producers Association
Care, Jergins Oil Company
1000 Jergins Trust Building
Long Beach, California

W. Alton Jones, President
Cities Service Oil Company
70 Pine Street
New York 5, N. Y.

John M. Lovejoy, President
Seaboard Oil Co. of Delaware
30 Rockefeller Plaza
New York 20, N. Y.

W. G. Maguire
Chairman of the Board
Panhandle-Eastern Pipe Line Co.
1221 Baltimore Avenue
Kansas City, Missouri

E. L. Majewski, Vice President
Deep Rock Oil Company
155 North Clark Street, Chicago, Illinois

H. M. McCullure, President

National Stripper Well Association

Alma, Michigan

Clyde Merrill

Executive Secretary-Treasurer

Atlantic Coast Oil Conference, Inc.

55 West 42nd Street

New York 18, N. Y.

S. B. Mosher, President

Signal Oil and Gas Co.

811 West 7th Street

Los Angeles 55, California

Henry D. Moyle, Vice President

Wasatch Oil Refining Company

Salt Lake City 1, Utah

J. R. Parton, President

Woodley Petroleum Co.

Second National Bank Bldg.

Houston, Texas

William T. Payne, President

American Assn. of Oil Well Drilling Contractors

Care, Big Chief Drilling Co.

2810 First National Bank Bldg.

Oklahoma City, Oklahoma

Dr. Joseph E. Pogue

Chase National Bank

13 Pine Street

New York 15, N. Y.

Mr. Frank M. Porter, President

Mid Continent Oil and Gas Association

2501 First National Building

Oklahoma City 1, Oklahoma

OR

912 Investment Building

Washington 5, D. C.

H. J. Porter

1128 Commerce Bldg

Houston, Texas

E. E. Pyles

1160 Subway Terminal Bldg.

417 South Hill Street

Los Angeles 13, California

E. B. Rescer

Barnsdall Oil Company

Tulsa 2, Oklahoma

Walter R. Reitz, President

Quaker State Oil Refining Co.

Quaker State Building

Oil City, Pennsylvania

D. T. Ring, President

Pennsylvania Grade Crude Oil Association

805 Atlas Building

Columbus Ohio

M. H. Robinson, President

The Frontier Refining Co.

Cheyenne, Wyoming

Charles F. Roeser, President

Roeser and Pendleton, Inc.

613 Fort Worth Club Building

Fort Worth, Texas

Arch H. Rowan

Rowan Drilling Co.

903 Commercial Standard Bldg.

Fort Worth, Texas

R. S. Shannon, President

Pioneer Oil Corporation

920 Midland Savings Bldg.

Denver 2, Colorado

Reese H. Taylor, President

Union Oil Company of California

Union Oil Building

Los Angeles, California

H. L. Thatcher, Chairman

National Council of Independent Petroleum Ass'n

Care, Thatcher Oil Company

P. O. Box 507

Chattanooga, Tennessee

R. Van der Woude, President

Shell Union Oil Corporation

50 West 50th Street

New York 20, N. Y.

W. W. Vandever

Allied Oil Corporation

1700 Standard Building

Cleveland, Ohio

Grady Vaughn

Dallas National Bank Bldg.

Dallas, Texas

Eric V. Weber, President

Ohio Petroleum Marketers Association

Care, Eureka Oil Company

Cincinnati, Ohio

H. C. Wiess, President

Humble Oil & Refining Co.

Humble Building

P. O. Box 2150

Houston, Texas

Dr. Robert E. Wilson, Chairman of the Board
Standard Oil Company (Illinois)
310 South Michigan Avenue
Chicago 80, Illinois

Ralph T. Zook
The Steel and Book Company
Bradford, Pennsylvania

Mr. Hallanan: Fifty-six members have answered to the roll call and a quorum is constituted.

We do have some guests with us whom I would like to present to the Council:

Commissioner Johnson of the Bureau of Land Management, who has been invited by the Secretary and Director to be present with us;

Dr. Wether, Director of the Geological Survey, and Dr. Sayers, Director of the Bureau of Mines.

The first meeting of the Council was held on June 21. The minutes of that meeting have been forwarded to all of the members of the Council. Is there any disposition at this time to have the minutes read? If not, the Chair will entertain a motion for the approval of the minutes.

Mr. Wilson: I so move.

Mr. Jacobsen: I second the motion.

Mr. Hallanan: All in favor of the motion indicate by saying "aye". Contrary "no". So ordered.

The first order of business, gentlemen, is to receive the report of the Committee of Fifteen which you authorized to be appointed at the meeting on June 21. This committee, in pursuance to that authority, was appointed and held its first session in Washington on July 9, at which time sub-committees were appointed to carry into effect the program that was outlined at the general meeting of the Organization

Committee.

I might say that these subcommittees have worked long and vigorously, and with great devotion to the cause and the subjects that were assigned to them. These subcommittees have filed their reports in turn with the Committee of Fifteen and I am glad to be able to report to this Council this morning that the Committee of Fifteen, with thirteen of the fifteen members present, has approved unanimously the report which will now be submitted to you for consideration of the membership of the Council, in relation to the subject of permanent organization.

Do all the members of the Council have a copy of the report in their hands at this time?

It is my thought that we will read the report through without interruption and then, at the conclusion of the report, the matter will be open for full and thorough debate and consideration.

You will find attached to the report of the Committee on Organization the report of the Subcommittee on the Legal Status of the National Petroleum Council, which we feel is very specific and of great importance to all of the members in connection with the report of the Committee of Fifteen.

Mr. Secretary, will you proceed with the reading of the report?

Mr. Russell B. Brown: (Reading) To the National Petroleum

Council:

Your Committee appointed to study the type of organization and the scope of authority and function of the Council and the problems involved therein, and to make recommendations with respect thereto, met on July 9, 1946 and adopted the following resolution:

"WHEREAS, the Committee on Organization of the National Petroleum Council has been appointed to consult with the Interior Department and others concerned, including members of the Council to recommend to the Council the type of organization as well as the scope of authority and function of the National Petroleum Council;

"IT IS HEREBY RESOLVED, that it is the sense of this Committee that the proposed National Petroleum Council can fulfill a useful function, subject to legal clearance, in petroleum industry relations with representatives of the U. S. Department of the Interior, Oil and Gas Division, in an advisory capacity;

"That this committee proposes to recommend a program of industry cooperation with the Oil and Gas Division and to accomplish that objective;

"That the Temporary Chairman be and is hereby authorized to appoint three subcommittees from members of this committee to study and report back to this

df 2
committee at the earliest possible date, their recommendations on (1) the scope and procedure, (2) organization and personnel, and (3) legal phases of the National Petroleum Council."

Later the same day, the Committee conferred with the Director of the Oil and Gas Division and with members of his staff. Thereafter, the subcommittees appointed pursuant to the above resolution met on several occasions and also discussed the progress of their work with other members of the Committee. Reports were submitted by the subcommittees. The Committee again met on September 24, 1946, discussed the reports of its Sub-committees and other matters, and unanimously adopted the following report to be submitted to the Council.

It is the sense of the Committee that the National Petroleum Council can fulfill a useful function in petroleum industry relations with representatives of the Department of the Interior in an advisory capacity. It is, therefore, recommended that the Council undertake to function in accordance with the program hereinafter outlined.

There was considerable discussion concerning the scope of the Council's activities with some suggestions being advanced to the effect that the functions of the Council should be limited to the giving of advice and information and the making of recommendations on matters to which Government

df 3 authority extends.

The Committee, however, concluded that it was impossible to foresee the various problems that may arise and that it was, therefore, inadvisable, prior to substantial experience, to impose limitations on the matters of its consideration in addition to those established by law and those specified in the letter of May 24, 1946 from the Secretary of the Interior to the Attorney General. The Committee further concluded that the Council should reserve the right to decide whether it will consider any matter referred to it. Nothing will prevent a future change in these conclusions should the experience of the Council in actual operation indicate such action desirable.

With regard to the Anti-trust problems, it was the opinion of the legal advisers, concurred in by the Legal Subcommittee and your committee that any group organized as the Council has been organized and which confines its activities to advising the Government in the manner provided in the Secretary of the Interior's letter to the Attorney General of May 24, 1946, would not violate the United States Anti-Trust Laws or similar state statutes. The opinion of the legal advisers was predicated on their understanding that the Council will not concern itself with trade practices or the like, nor will it engage generally in any of the usual trade association activities. It is assumed that the Council members will make their recommendations in accordance with their individual

df 4

experience and judgment.

The various letters received from the Attorney General concerning the proposed organization and functioning of the Council are subject to different interpretations. These letters, particularly the letter of September 11, 1946, have been interpreted by some as meaning that the Council cannot discuss the advisability of asking the Secretary of the Interior or the Director of the Oil and Gas Division to submit or approve a matter as appropriate for consideration by the Council and thereby precludes the Council from raising a matter on its own motion. While this appears unduly to hamper the operations of the Council, nevertheless, in view of this, it would seem that the safer procedure would be to have no discussion in the Council on any matter until the Secretary or the Director has submitted or formally approved such matter as appropriate for consideration by the Council.

It is proposed that Council members hold an organization meeting of the Council annually, immediately following their appointment to membership on the Council. Thereafter, regular meetings should be held quarterly. It is believed that initially the only officers required will be a Chairman, a Vice Chairman and a Secretary-Treasurer. The Committee recommends that the Chairman and Vice Chairman be members of the Council and be elected annually to serve without compensation. The Secretary-Treasurer need not be a member of the

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Council and is to be appointed by the Chairman with the advice of the Appointment Committee as hereinafter described. It is suggested that the Council's budget be limited to \$50,000.00 a year, to be raised by voluntary contributions. Council members should be solicited on an equal basis.

C It is proposed the Council elect annually an Agency Committee and an Appointment Committee, each having eleven members. In the case of the Agenda Committee at least three of the members should be attorneys-at-law. All persons elected to these committees, except those selected as attorneys-at-law, should be members of the Council. All other Committees are to be appointed by the Chairman with the advice of the Appointment Committee. Committees appointed by the Chairman should be dissolved when they have completed their assignment.

C Appointments to these committees may or may not be members of the Council and should be for a term ending on the date of the next organization meeting of the Council. Members of existing Committees may be re-elected or reappointed for additional terms.

C The Appointment Committee will be available to the Chairman to advise and consult with him in appointing committees to study and report on matters submitted for Council consideration and in appointing members of these committees. It will also advise and consult with the Chairman with respect to the appointment of the Secretary-Treasurer and the fixing of his

df 6
compensation.

In order to ensure strict compliance by the Council with the requirements established by the Secretary of the Interior and the Attorney General, it is proposed, among other things, that (1) the Council should consider only those matters coming within the scope of its authority which have been submitted to it, or approved by, the Secretary of the Department of the Interior or the Director of the Oil and Gas Division; (2) no matter should be discussed by the Council unless it has been previously considered by the Agenda Committee and until this Committee has reported its recommendations to the Council, and (3) should any Council member wish to have a matter considered by the Council he should submit such matter in writing to the Chairman of the Council who should thereupon, and prior to any discussion by the Council, refer the matter to the Secretary or the Director for his approval or disapproval and, if approved, the matter should then be referred to the Agenda Committee for its report. The adoption of these procedures assures that each problem will be carefully studied from the standpoint of its legal aspects as well as its propriety and advisability for Council consideration.

There are a number of other items to be acted upon to complete the organization of the Council. These appear to the Committee to be self-explanatory and are included without

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further comment in the recommended resolution hereinafter set forth. The Committee will be glad to answer questions concerning matters contained in the resolution.

The Committee recommends that the Council adopt the following resolution:

Whereas, pursuant to a letter from the President to the Secretary of the Interior dated May 3, 1946, there has been created within the Department of the Interior an Oil and Gas Division to attain coordination and unification of Federal policy and administration with respect to the functions and activities of the various departments and agencies of the Federal Government relating to petroleum, and

Whereas, in the same letter it was suggested that in connection with the creation of an Oil and Gas Division there should be established an industry organization for the purpose of consulting and advising with the Department of the Interior, and

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C
WHEREAS, the Secretary of the Interior created the National Petroleum Council and has appointed the members thereof to serve without compensation for a term of one year, and

WHEREAS, it is the sense of the National Petroleum Council that it can fulfill a useful function in petroleum industry relations with representatives of the Department of the Interior in an advisory capacity,

NOW THEREFORE BE IT RESOLVED THAT,

1. The purpose of the National Petroleum Council is to advise or inform the Secretary of the Interior or the Director of the Oil and Gas Division with respect to any matter relating to petroleum or the petroleum industry submitted to it by, or approved by, the Secretary or Director.
2. The Council reserves the right to decide whether it will or will not consider any matter referred to it. The Council shall not concern itself with trade practices or the like, nor shall it engage generally in any of the usual trade association activities.
3. The officers of the Council shall consist of a Chairman, a Vice Chairman, both to be members of the Council and to serve without compensation, and a Secretary-Treasurer who need not be a member of the Council. The Chairman and Vice Chairman shall be elected by the Council at its organization meeting in each year, to serve until the next organization meeting of the Council. The Secretary-Treasurer shall be appointed and his compensation

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fixed by the Chairman with the advice of the Appointment Committee.

4. The Council shall elect at its organization meeting in each year an Agenda Committee and an Appointment Committee to serve until the next organization meeting of the Council. Each Committee shall have eleven members. At least three members of the Agenda Committee shall be attorneys-at-Law. All persons elected to these Committees, except those selected as attorneys-at-law, shall be members of the Council. No person shall serve on both the Appointment and Agenda Committees at the same time.

5. Vacancies in the office of Chairman or Vice Chairman and any vacancy on the Agenda Committee or the Appointment Committee shall be filled by election by the Council at the meeting next following the occurrence of such vacancy.

6. The Chairman shall preside at all meetings of the Council and shall, with the advice of the Appointment Committee, appoint all special committees and the members thereof (who may or may not be members of the Council) as the need therefor arises. Members of Committees shall be selected on the basis of their training, experience and general qualifications to deal with the matter assigned to the Committee. Such committees shall be dissolved when they have completed their assignment and the appointments thereto shall be for a term ending on the date of the next organization meeting of the Council. The Chairman shall prepare and submit annually to the Council for its approval at its last

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regular meeting preceding an organization meeting a budget for the year commencing with the date of the next organization meeting. Such budget shall not exceed \$60,000.00. The Chairman shall authorize all expenditures and perform such other duties as are usually pertinent to the office of Chairman.

7. In the absence or inability of the Chairman to act, the Vice Chairman shall exercise all the duties and authorities granted to the Chairman.

8. The Secretary-Treasurer shall perform such duties as are usually pertinent to the office of secretary-treasurer or as may be required of him by the Chairman or by the Council. The Secretary-Treasurer shall make a report at each regular meeting concerning receipts and expenditures made during the preceding period and the current status of the Council's finances.

9. Council members shall hold an organization meeting of the Council annually immediately after their appointment to membership on the Council. Thereafter, regular meetings of the Council shall be held quarterly at such time as the members may agree upon or as may be fixed by the Chairman. Special meetings of the Council may be held upon the call of the Chairman of the Council. He shall call a special meeting at the request of twenty-five members of the Council. At least ten days' notice of every meeting of the Council shall be given by the Secretary-Treasurer to each member of the Council. The purpose of every special meeting shall be stated in the call. All meetings of

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the Council shall be held in the offices of the Department of the Interior, Washington, D. C. or in such other place as may be designated by the Secretary of the Interior or the Director of the Oil and Gas Division.

10. The time and place of all Council meetings shall be given general publicity. Such meetings shall be open to members of Congress and other Federal officials who may have an interest therein and to such persons as may be invited by the Secretary of the Interior or the Director of the Oil and Gas Division or by the Chairman of the Council. Attorneys-at-law who are members of the Agenda Committee may be present at any meeting of the Council. Members of any Special Committee may be present at any meeting of the Council during consideration of the subject assigned to such Committee.

11. The presence of a majority of the entire Council shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Council and except as otherwise herein provided, action at all Council meetings shall be taken by a majority of those in attendance. Only members of the Council shall have a vote at a meeting thereof, which vote shall be cast by the members in accordance with their individual experience and judgment. All reports and recommendations of the Council shall be transmitted in writing by the Chairman of the Council to the Secretary of the Interior or the Director of the Oil and Gas Division.

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12. The Appointment Committee shall advise and consult with the Chairman with respect to the appointment of special committees and to the appointment of members thereto. It shall also advise and consult with the Chairman with respect to the appointment of the Secretary-Treasurer and the fixing of his compensation.

13. Every matter submitted or approved as herein provided, shall, prior to such consideration, be referred by the Chairman of the Council to the Agenda Committee. This Committee shall consider whether the matter is proper and advisable for Council consideration and shall report its views thereon as promptly as possible. If an Agenda Committee report is favorable to Council consideration and if the report is rendered while the Council is in session, or within a reasonable time (as determined by the Chairman of the Council in the light of the urgency of the matter) prior to a meeting of the Council, the report shall be made directly to the Council; and if the Council shall deem the matter proper and advisable for its consideration the Council shall proceed to take such action as may be appropriate under the circumstances. If an Agenda Committee report is favorable to Council consideration and is made at a time other than as specified in the preceding sentence, the report shall be made to the Chairman of the Council and he may refer the matter in question to a Committee for study and recommendation to the Council. If an Agenda Committee report is

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unfavorable to Council consideration, the report shall be submitted to the next regular or special meeting of the Council for such action as the Council may deem appropriate under the circumstances. Any matter which any Council member wishes to have considered by the Council shall be submitted in writing to the Chairman of the Council who shall, prior to any discussion by the Council, refer the matter to the Secretary or Director for approval or disapproval. If approved, the matter shall then be referred to the Agenda Committee for its report.

14. Committees shall meet at such time and place as may be agreed upon or as may be fixed by the Committee Chairman. The presence of a majority of the entire Committee shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of a Committee and action at all Committee meetings shall be taken by a majority of those in attendance. In an emergency any Committee may act on the basis of telephone or written communication between the Chairman and each member of the Committee. Any action taken by such means shall be by majority vote of the entire membership of the Committee. Reports and recommendations of a Committee shall be transmitted in writing by the Chairman of the Committee to the Council or to the Chairman of the Council.

15. All meetings of Committees shall be open to any member of the Council, to the members of Congress and other Federal officials who may have an interest therein, and to such

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persons as may be invited by the Secretary of the Interior or the Director of the Oil and Gas Division or by the Chairman of the Committee. Only members of the Committee shall have a vote, which vote shall be cast by the members in accordance with their individual experience and judgment.

16. Minutes shall be kept of all meetings of the Council and of all Committees thereof. The report of all temporary subcommittees shall be incorporated in the minutes of their parent Committees. Copies of minutes of Council and Committee meetings and all reports submitted by the Council or by any of its Committees shall be filed with the Secretary of the Interior or with the Director of the Oil and Gas Division.

17. Any Council or Committee member who feels that the Council or a Committee has failed to give appropriate consideration to views or proposals presented by him at a regularly constituted meeting may make his viewpoint a part of the record of that meeting by submitting within five days of the date of such meeting a written statement to the Chairman of the meeting for incorporation in the minutes.

18. Operating expenses of the Council and of all of its Committees shall be met from a fund to which voluntary contributions may be made by persons engaged in the petroleum industry. Voluntary contributions to such fund may be solicited by the Chairman equally from all members of the Council. The total expenditures to be made by the Council and its Committees shall

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not exceed the sum of \$50,000.00 during any one year.

19. Any Council member may propose any amendment to this resolution by filing a copy of the proposed amendment with the Chairman of the Council who shall bring the proposed amendment to the attention of the Council in due course. This resolution may be amended only at a regular or special meeting of the Council by a two-thirds vote of those present provided that, 1. such two-thirds vote constitutes at least majority of the entire membership of the Council; and 2. at least thirty days notice of such meeting, specifying the proposed amendment, has been given to each member of the Council.

The above report is respectfully submitted. Messrs. J. Frank Drake, A. C. Mattel and J. Howard Few were unable to attend the meeting at which this report was adopted.

Walter S. Hallanan, Chairman

Paul G. Blazer

B. A. Harday

George A. Hill, Jr.

Eugene Holman

W. Alton Jones

B. L. Majewski

Joseph E. Pogue

A. Jacobson

B. Brewster Jennings

Frank M. Porter

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Charles F. Roesser

September 24, 1946

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Mr. Wilson: My name seems to be omitted.

Mr. Hallanan: We apologize. Dr. Wilson, who is a member of this committee and a very helpful and active member, his name has in some way been overlooked in the report. That will be corrected, Dr. Wilson.

Mr. Hamilton: Mr. Chairman, I move the adoption of this resolution by the Council.

Mr. Hallanan: Well, I would like to know whether the Council desires to have read at this time the report of the Legal Subcommittee as a part of this report.

Mr. W. Alton Jones: There is a sentence at the bottom of page 2 beginning with "The opinion of the legal advisers was predicated on their understanding that the Council will not concern itself with trade practices or the like, nor will it engage generally in any of the usual trade association activities."

I know it is not intended by the Legal Committee drafters to suggest that any activities of a dual consultation might be in conflict with the anti-trust laws. I do not think that sentence covers anything more, and it is covered in the resolution itself by the statement that this Council will not engage in such activities, without suggesting that the activities of such an association are illegal.

I move it be stricken. That, in no sense, affects the balance of the document. It might suggest to the minds

or some that the legal advisers on that Council do consider that the trade association practices were in violation of the Anti-trust Act. I am sure some would seize on it.

Mr. Hallinan: Is there any comment on that?

(2) Mr. Majewski: I like the clause. Maybe the language is unfortunate. The legal advisers do not have very much to do with putting in that "trade practices". It was some of us who thought we should leave out of discussion all trade practices.

Mr. Jones: We provided for it in the resolution.

Mr. Majewski: I know you did, but I also know that usually we like to put in the preamble the intent and reasons for these things. Maybe you want to change the legal advisers' opinion, but I think it is important to show it in the intent. We are opposed to a discussion, not from a legal sense but from a practical point of view, on trade association practices.

I am going to be a member of this Council for one year. God willing, I hope, and I am sure it is hell to get up on my feet each time you fellows bring in a code of ethics or trade practices. I do not think it is a concern of this body.

To save my breath, because I am getting old, as some of you folks are, let us leave it in there. It does not cast any reflections on the activities of any association.

I, just being a member of this committee, did not draw this document. We had some fellows that could write the

English language.

Mr. Hallanan: What would you suggest?

Mr. Majewski: To leave this in.

Mr. Wilson: Very much that same wording is in the report of the Legal Committee itself, or the Advisory Subcommittee.

Mr. Koegler: In the Legal Advisers' report, which is the second page from the end, I think you will find Mr. Jones' point is covered.

Mr. Jones: I am not arguing that.

Mr. Koegler: By the way, there seems to be the thought by some that we suggest that trade associations are not legal. It says that nothing stated or omitted is intended to express any view that conflicts with such rights as the industry or its respective members may have to create committees, associations or other organizations for the purpose of analyzing industry problems or expressing industry views.

Mr. Jones: That still does not cure the sentence I referred to.

Mr. Hallanan: Mr. Jones, would this take care of it:

"The opinion" - striking out "of the Legal Advisers" -

"was predicated on the understanding that the Council will not concern itself with trade practices of the like"?

Mr. Jones: No, I do not think it does.

Mr. Hallanan: I am going to ask the Secretary at this time to read the report of the Legal Subcommittee. While that

is being done will you and Mr. Koegler and Mr. Majewski get together to see if you can agree on some language to substitute for this particular part?

Mr. Jones: I don't understand.

Mr. Hallinan: I have asked the counsel to read the report of the Legal Subcommittee, and after that time I would like to see that you and Mr. Koegler and Mr. Majewski get together on it.

Mr. Russell B. Brown: (Reading)

REPORT OF LEGAL SUBCOMMITTEE
TO THE ORGANIZATION COMMITTEE OF THE
NATIONAL PETROLEUM COUNCIL

"Your Legal Sub-Committee in July, 1946, shortly after its appointment, requested Messrs. Russell B. Brown, Arthur Gee, Buell F. Jones, George Koegler, J. Howard Marshall, David T. Searle, and Guy Woodward to act as its legal advisers and in that capacity to give consideration to the problems of the National Petroleum Council with particular attention to the related questions, namely:

"1. Whether such Council can lawfully function, and if so

"2. What precautions, if any, should be taken to keep the activities of the Council lawful and proper.

"On August 12, 1946 the legal advisers submitted their report, a copy of which is attached. Your committee is in

complete accord with the opinions and recommendations contained in that report.

"On September 12, 1946 the Assistant Director and Chief Counsel of the Oil and Gas Division of the Department of the Interior made public additional correspondence between the Department of the Interior and the Department of Justice, namely:

- "(1) Letter of June 5, 1946 from the Secretary of the Interior to the Attorney General,
- "(2) Letter of July 2, 1946 from the Attorney General to the Secretary of the Interior,
- "(3) Letter of August 23, 1946 from the Acting Secretary of the Interior to the Attorney General, and
- "(4) Letter of September 11, 1946 from the Acting Attorney General to the Acting Secretary of the Interior.

"The attached report of the legal advisers states:

"Nothing in the foregoing five suggestions means that the Council or any individual member may not at any time present for discussion a proposal that the Secretary or the Director be requested to submit to the Council or to approve for consideration by the Council any matter relating to petroleum or the petroleum industry."

"The letter from the Acting Attorney General to the Acting Secretary of the Interior dated September 11, 1946, states:

" . . . after the Secretary of the Interior or the Director of the Oil and Gas Division has duly submitted or formally approved a matter as appropriate for consideration by the Council or any of its committees or sub-committees, ~~X //~~ those groups may undertake factual research and submit their findings for the purpose of advising and informing the Secretary or Director in conformity with the general procedures outlined in my letter of May 27th. It is understood, of course, that activities undertaken by the Council or its committees and sub-committees, prior to such assignment, fall outside the purview of consultation as therein defined and hence, lie outside the range of activities covered by our prior correspondence.'

"This language indicates to some that the Attorney General may consider the words 'duly submitted or formally approved' as synonymous with the word 'assignment'. It is further argued that this language emphasizes that the Attorney General considers activities of the Council or its committees and sub-committees prior to assignment as falling outside the scope of legitimate action as defined in his letter of May 27, 1936. This, it is said, means that the Council cannot discuss the advisability of asking the Secretary or the Director to submit or approve a matter as appropriate for consideration by the Council and thereby precludes the Council from raising a matter on its own motion.

"In view of this possible construction of the Acting Attorney General's letter dated September 11, 1946, it would seem that, for the present, the safer procedure would be not to have any discussions in the Council on any matter until the Secretary of the Interior or the Director of the Oil and Gas Division has duly submitted or formally approved such matter as appropriate for consideration by the Council.

"Nothing herein is intended to suggest that any individual member may not at any time present to the Secretary or the Director a request that he submit a matter to the Council or approve any matter for consideration by the Council.

"We submit the report of the legal advisers as supplemented by the foregoing discussion as the unanimous opinion of this committee.

"Respectfully submitted

George A. Hill, Jr., Chairman

B. A. Hardey

Eugene Holman

A. Jacobsen

R. E. Wilson

September 24, 1946"

Mr. Russell B. Brown: The report that was attached to this, which was the report of the Legal Advisers, is as follows:

"At the request of your committee, the undersigned have given consideration to the problems of the recently appointed National Petroleum Council and have given particular attention to the related questions, namely:

"1. Whether such Council can lawfully function, and if so,

"2. What precautions, if any, should be taken to keep the activities of the Council lawful and proper.

"Secretary Krug's letter to Attorney General Clark dated May 24, 1946 described the National Petroleum Council as follows:

"It will be the duty and function of the National Petroleum Council:

"(a) To advise or inform me or the Director of the Oil and Gas Division with respect to any matter relating to petroleum or the petroleum industry submitted to it by the Secretary or Director, and

"(b) To raise on its own motion any matter relating to petroleum or the petroleum industry within the purview of the President's letter of May 3, 1945, and, after approval by me or the Director of the Oil and Gas Division, consider such matter and advise and inform me or the Director with respect thereto."

"It is thus plain that the Council is to act solely as an adviser to the Secretary of the Interior and to the

Director of the Oil and Gas Division of the Department of the Interior and to the Director of the Oil and Gas Division of the Department of the Interior on matters relating to petroleum or the petroleum industry; provided, that matters on which the Council advises either have been submitted to the Council by the Secretary or by the Director, or have been approved for Council consideration by the Secretary or the Director. Hence, the Council is not to concern itself with operating problems, trade practices or the like of the industry, nor is it to engage generally in any of the usual trade association activities.

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"Any group which is organized, as the Council has been organized, and which confines its activities to act as an adviser to government in the manner provided in Secretary Krug's letter, would not, in our opinion, be held in violation of the United States Anti-Trust Laws or in violation of similar state statutes. Attorney General Clark apparently agrees with this view relative to the laws of the United States. His reply dated May 27, 1946 to Secretary Krug's mentioned letter states:

"The Department of Justice has never taken the position that consultation by any industry committee with the government violates the anti-trust laws. The Department has no objection to the formation of industry committees to

advise and consult with government agencies."

II

"The Council must recognise, on the other hand, that:

"1. No legal opinion by the Attorney General, or by anyone else, would constitute a legal bar to any prosecution or civil suit.

"2. Unless precautions are taken, the activities of the Council, even if confined to advising and informing the Secretary or the Director, might, when coupled with other individual and independent actions conforming to such advice or information, be claimed to constitute a violation of law.

"3. It is impossible to determine in advance the type and character of matters that may be presented to the Council for consideration and the application of the anti-trust laws with reference thereto.

"These three features make it highly desirable that the Council act strictly in accordance with the Secretary Krug's mentioned letter and with the continuing advice of competent legal counsel.

"To accomplish this, the following suggestions are made:

"1. That Council should reserve the right to decide whether it should consider and advise the Secretary or the Director with respect to any particular matter submitted to it.

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"2. The Council should not advise on or take other action with regard to any matter unless the same has been submitted to it in writing by the Secretary or the Director or unless consideration of the matter by the Council has been approved in writing by the Secretary or the Director.

"3. The Council should appoint an Agenda Committee and should not discuss any matter unless that committee has previously considered the matter and has reported to the Council its recommendations as to whether the Council should consider and advise with respect to the matter. The Agenda Committee should consist of members of the Council and lawyers not members of the Council. Arrangements should be made which will assure that at all Council meetings at least one lawyer who is also a member of the Agenda Committee should be in attendance and all compilations of data, reports, recommendations and minutes of the Council and its committees should be reviewed by one or more lawyers of the Agenda Committee.

"4. Time and place of Council meetings should be given general publicity and all meetings should be open to such government officials and others as the Secretary or the Director may desire. Copies of minutes of Council meetings and all reports, facts, figures and other data obtained, compiled or analyzed by the Council or by any of its committees should be filed with the Secretary or the Director. The

Secretary or the Director should be informed in writing that they may, in their discretion, make all of these public.

"5. The Council may agree on (1) the advice which it will give to the Secretary or the Director, and (2) its own internal organization and procedure. The Council should not reach any agreements of any other nature."

"Nothing in the foregoing five suggestions means that the Council or any individual member may not at any time present for discussion a proposal that the Secretary or the Director be requested to submit to the Council or to approve for consideration by the Council any matter relating to petroleum or the petroleum industry."

Mr. Wilson: In regard to that it should be explained that sentence was written before the September letter was received, and it had therefore to be modified by the Legal Committee, as set forth in the covering letter.

Mr. Russell B. Brown: That is right.

"III

"As previously mentioned, no legal opinion by the Attorney General can constitute a legal bar to any prosecution or civil suit. Nevertheless, in view of criticisms which have been made concerning the following statement in Attorney General Clark's mentioned opinion, viz.:

"The authority to consult and advise should not be considered as implying that members of such committees are

authorized to get together and reach an agreed position in anticipation of such consultations.¹ the sub-committee will attempt to have the language clarified. It is hoped that a satisfactory clarification will be reached before the next meeting of the Committee of Fifteen.

IV

"The views here expressed deal solely with the proposed activities of the National Petroleum Council as presently created. Nothing stated or omitted is intended to express any views with respect to such rights as the industry or its respective members may have to create committees, associations or other organizations for the purpose of analyzing industry problems or of expressing industry views.

"Respectfully submitted.

Russell B. Brown

Arthur Gee

Buell F. Jones

George Koegler

J. Howard Marshall

David T. Seearls

Guy Woodward

August 1, 1946"

Mr. Hallinan: Mr. Jones, have you come to an agreement from a conference with Mr. Koegler and Mr. Majewski?

Mr. Jones: Mr. Chairman, it is suggested that on page

2 we strike the following words from the last sentence:

"The opinion of the legal advisers was predicated on their understanding that". Strike those out.

Then start a new paragraph with "The Council will not concern itself with trade practices or the like, nor will it engage generally in any of the usual trade association activities and move that paragraph down to the center of page 3. It can be used as a separate paragraph.

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Mr. Hallanan: You so move?

Mr. Jones: I so move.

Mr. Hallanan: Is there a second?

Mr. Jacobsen: I second the motion.

Mr. Jones: "It is assumed that the Council members will make their recommendations in accordance with their individual experience and judgment" can also go into that paragraph, so there will be two sentences in the new paragraph.

Mr. Hallanan: That is the concluding sentence at the top of page 3, the first paragraph?

Mr. Jones: That is right.

Mr. Hallanan: It has been moved and seconded that the amendment be accepted. Are you ready for the question?

So ordered.

Mr. Jacobsen: Mr. Chairman, may I make one point?

At the top of page 4 of the long report it is stated, in the third line, "All persons elected to these committees, ✓

except those selected as attorneys-at-law, should be members of the Council."

On page 7 of the same report -- or, rather, beginning on the preceding page, page 6, it states, "All persons elected to these committees, except those selected as attorneys-at-law, shall be members of the Council."

Could that possibly be interpreted as meaning that we cannot select as attorneys-at-law persons who are members of the Council?

Mr. Hallanan: I do not think so. I do not think it means that.

Mr. Jacobsen: I think it is subject to misunderstanding and it should be made clear. In other words, the intention is that the attorneys-at-law need not be members of the Council.

Mr. Hallanan: That is right.

Mr. Jacobsen: But they may be members of the Council.

Mr. Hallanan: That is right.

Mr. Jacobsen: I am afraid the way it stands it at least is ambiguous.

Mr. Wilson: The point is that people who are selected as members of the Council are selected as members of the Council and are not selected as attorneys-at-law. They may be attorneys-at-law but they are not selected as attorneys-at-law.

Mr. Jacobsen: There we have a difference of opinion

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which makes it necessary, I think, to clear it up.

Mr. Hallinan: What do you suggest, Mr. Jacobsen, to clear it up? I think we all know what the intent of the committee was.

Mr. Jacobsen: It is perhaps even more necessary to make it clear if you will look at page 3 of the lawyers' report. In the middle of the page it says, "The Agenda Committee should consist of members of the Council and lawyers not members of the Council."

When you take those three sentences together, then I think it is at least ambiguous.

Mr. Hallinan: Of course the report of the subcommittee is not binding on us.

Mr. Jacobsen: That is right, but it is background, nevertheless. I think the resolution itself, which is the one that counts, is not as clear as it should be where it says, "All persons elected to these committees, except those selected as attorneys-at-law, shall be members of the Council."

Mr. Hill: That can be covered, I think, by an additional sentence, "The attorneys-at-law may or may not be members of the Council." That could be put in all three places.

Mr. Jacobsen: That will make it clear.

Mr. Wilcox: You really do not need it except in the resolution itself. The resolution is the only thing that is up for action before the Council.

Mr. Hill: Then I move it be changed in the resolution.

Mr. Hallanan: Where is that?

Mr. Hill: On page 4 and page 6, that that additional sentence be added.

Mr. Jacobsen: Would you mind repeating it, please, and say exactly where you would put it in?

Mr. Hill: On page 4, line 5, after the word "Council", after that period.

Mr. Jacobsen: Yes. What is that sentence again?

Mr. Hill: "The attorneys-at-law may or may not be members of the Council". On page 6, in the last line, after "attorneys-at-law" add the same sentence.

While I am on my feet, I want to call attention to an error on page 10, the last line, the first word "committee" was intended to be "Council".

Mr. Wilson: No, that is a committee meeting. The word with regard to "Council" comes earlier.

Mr. Hill: You are correct.

Mr. Jacobsen: Mr. Hill, may I suggest that perhaps the addition of your sentence on page 6 might fit in better on top of page 7, after the word "Council" in the second line.

Mr. Wilson: It really does another thing which I had not noticed. This would leave it open to appoint attorneys-at-law who are not members of the Council to the committees.

That was not the intent. It seems to me that the clean-cut way to do it would be to simply put it after "attorney-at-law" on the bottom of page 6, which says "at least three members of the Agenda Committee shall be attorneys-at-law", if we said there "The attorneys-at-law may or may not be members of the Council", and then "All persons elected to these committees", striking out "except those selected as attorneys-at-law", "shall be members of the Council".

Mr. Hallinan: I think that is clean-cut. Do you accept that, Mr. Hill?

Mr. Hill: Yes indeed.

Mr. Hallinan: Is there a second?

(The motion was seconded and carried.)

Mr. Pogue: Mr. Chairman, on page 10, paragraph 15, it states, "All meetings of committees shall be open to any member of the Council, to the members of Congress and other Federal officials who may have an interest therein."

I raise the question whether it is balanced, to open the meetings of the committees and not the Council.

Mr. Wilson: The Council is also covered in another place. Incidentally, on the top of page 7 the word "committee" should be in the plural.

Mr. Lovejoy: Near the top of page 10 there is something I would like to call attention to. At the beginning of paragraph 13 on page 9 it says, "Every matter submitted or

approved as herein provided shall, prior to such consideration, be referred by the Chairman of the Council to the Agenda Committee."

Then the latter part of the paragraph ends up with "Any matter which any Council member wishes to have considered by the Council shall be submitted in writing to the Chairman of the Council who shall, prior to any discussion by the Council, refer the matter to the Secretary or Director for approval or disapproval."

It seems to me it might make this a little more clear if the first part of this be limited to matters submitted by the Secretary, because it says there simply matters submitted to the Secretary go to the Agenda Committee, that is, matters submitted by members go first to the Chairman and the Secretary and then to the Agenda Committee.

Mr. Wilson: That is what it says.

Mr. Hallinan: What do you suggest?

Mr. Lovejoy: My suggestion would be that the first part of paragraph 13 should say this, "Every matter submitted by the Secretary shall, prior to such consideration, be referred by the Chairman of the Council to the Agenda Committee", and then go on with the paragraph.

Then on page 10, at the end of that paragraph, when a member submits the draft it "shall then be referred to the Agenda Committee for its report, as hereinabove described."

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Then you have got the two things clear out. What happens to the matter submitted by the Secretary and what happens to the matter submitted by the member. What you have got here now is a blank in the first part. What happens when a member submits a matter?

Mr. Hallinan: What is the specific amendment you suggest, Mr. Lovejoy, in the earlier part of Section 13?

Mr. Lovejoy: I suggest that the first line be changed, the first two lines be changed as follows: "Matters submitted by the Secretary or the Director of the Oil and Gas Division shall, prior to consideration by the Council", and then proceed as written.

Mr. Wilson: The objection to that is it leaves out matters approved by the Secretary. It is true matters brought up by members are supposed to go to the Chairman, and by him to the Secretary, but it also provides for matters that go to the Secretary. There is a provision here that the member may go directly to the Secretary, if he so desires.

Mr. Lovejoy: He goes to the Chairman of the Council and then it goes to the Secretary.

Mr. Hill: May I suggest this thought to you? It says, "Every matter submitted or approved as herein provided". That means everything in the paragraph. What comes later on is merely one of the ways in which matters go to the Secretary, but when you say "Every matter submitted or

approved as herein provided, shall, prior to such consideration, be referred by the Chairman of the Council to the "Agenda Committee", that picks up everything including members' suggestions to the Chairman that go to the Secretary.

When they are referred back they must be submitted or approved, they have got to go to the Agenda Committee.

I do not think you could make the first two lines more complete.

Mr. Lovejoy: I was suggesting what might happen in each case, what happens when the Secretary makes the suggestion and when a member makes the suggestion, that is all.

Mr. Hill: The Committee of Fifteen were suggesting to the Council that the same procedure apply to everything, that it must go to the Agenda Committee.

Mr. Lovejoy: That is right.

Mr. Hill: When approved or submitted by the Secretary or the Director, and so they say, "everything submitted or approved as herein provided."

Mr. Lovejoy: Does it say anywhere in the document that when the Secretary asks to consider something, that that must follow that procedure?

Mr. Hill: Yes, that is what it says in the first two lines.

Mr. Lovejoy: It says "everything", it does not say the Secretary.

Mr. Wilson: As long as the procedure is the same, why not put it in one bundle?

Mr. Lovejoy: I think it ought to be actually mentioned, when the Secretary seeks to consider something, that it go to the Agenda Committee, and say it in those words.

Mr. Majewski: You have got to take it with No. 1 on page 6: "The purpose of the National Petroleum Council is to advise or inform the Secretary of the Interior or the Director of the Oil and Gas Division with respect to any matter relating to petroleum or the petroleum industry submitted to it by, or approved by, the Secretary or Director."

Therefore they pick it up in paragraph 13, based on paragraph 1, that "every matter submitted or approved as herein provided". That takes in paragraph 1 and it is covered in paragraph 1. You just go into particulars when you go to paragraph 13.

Now the last part of that paragraph, I will not tell you why I want it in there but I suggest that the language is very good. This does not foreclose the right of anybody to come in but it makes them put it in writing.

John, you and I might not be here at a meeting, and you know I pop off a little bit vocally and verbally, and sometimes I make a motion that I do not have any bit of intention of passing, excepting to divert attention. Now, if I have got any serious matter, I have got to put it in

writing, you see, and now I have got to be advised that everybody does the same thing. It protects the little, independent guy that doesn't know much about wrangling.

Mr. Lovejoy: If you don't care to follow my suggestion I will sit down, but I still feel we should rewrite that paragraph.

Mr. Hardey: I think it would solve it if we inserted the words "as herein provided".

Mr. Majewski: We ought to let John win his point. I think I will second the motion.

Mr. Hallanan: Mr. Lovejoy, do you accept Mr. Hardey's suggestion?

Mr. Lovejoy: I make a motion that we add the three words.

Mr. Hallanan: "As herein provided"?

Mr. Lovejoy: Yes.

Mr. Hallanan: The effect of Mr. Lovejoy's motion is to add the words "as herein provided" at the end of paragraph 13 on page 10.

Mr. Jacobsen: If approved, that matter should then be referred to the Agenda Committee for its report.

Mr. Wilson: I do not think it would add anything.

Mr. Hallanan: You heard the motion. All in favor indicate by saying "aye".

(The motion was carried.)

Mr. Hallinan: Gentlemen: I want at this time to ask Mr. Davies, the Director of the Oil and Gas Division, if he will, to give us his reaction to the report, or any comment or suggestions that he has to make with respect to it.

Mr. Davies: First off let me say that I think it is a very excellent report. It has been prepared very carefully, that is obvious. It seems to me it is very thorough, and particularly do I like the spirit that runs throughout the report, the spirit of cooperation that I read in the lines and between the lines.

I do have one or two comments and I would like to raise one or two points.

On page 2, at the bottom of the page of the copy that I have, where it says, "The opinion of the legal advisers was predicated on their understanding that the Council will not concern itself with trade practices or the like, nor will it engage generally in any of the usual trade association activities", I relate that to a part of the legal committee's report which goes beyond exempting trade practices and trade association activities and speaks of the fact that the Council will not concern itself with industry operating problems.

Now I recognize in drafting your resolution you have not excepted the industry operating problems, you have excepted trade practices and trade association activities, and I

suppose therefore that the committee drafting the final report did not agree with the legal committee in that operating problems would not be dealt with by the Council.

Now if my assumption is correct, that the committee did deliberately make that change, then I am satisfied, but I would like it understood that industry operating problems are not excepted, that they are proper subjects for Council consideration, because it seems to me clear that if you are going to be useful in any real way you certainly are not going to go quickly into operating problems..

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Mr. Wilson: I think, Mr. Chairman, as a member of the legal committee I can say this: The type of problems I believe the lawyers had in mind, referring to operating problems, we probably would not be disturbed with, but we felt to exclude operating problems by and large was limiting our scope entirely too much. It was a deliberate change from the wording there, although we do not believe it was an essential change from what they had in mind.

In other words, there are some types of operating problems that the Agenda Committee did not feel were suitable, but we did not feel we could exclude them as a class by any means.

Mr. Davies: If, as I say, the change in the committee resolution here is a deliberate change so as not to restrict the Council in the matter of operating problems, then I am satisfied.

Mr. Hallinan: I think that the resolution speaks for itself.

Mr. Wilson: Yes.

Mr. Hallinan: That is the record here.

Mr. Jones: It is only fair to say the Agenda Committee will be very chary about going into operating matters.

Mr. Wilson: Certain types of operating matters.

Mr. Majewski: Not only the Agenda Committee but any member of the Council, because when a matter is submitted,

and before it is submitted to the Agenda Committee, a member may be heard to say, "That is an operating problem that we do not want to deal with." I do not want to foreclose the right of any member of the Council to so protest.

Mr. Davies: I think your purpose would be served if you say, "That is a problem we do not want to deal with." You have that privilege all the way through. This language is very general at best. What is an operating problem? If you try to define what an operating problem is, you will have to add more pages here. I am glad, therefore, that you not restrict yourself that way in your resolution.

Mr. Jacobsen: It was the very scope of operating problems that caused us to leave it out here.

Mr. Davies: I am glad you left it out. You do except trade practices, or the like. That, too, as everyone will recognize, is pretty general language. I do not know what "trade practices or the like" are. I assume that you are aiming there at price matters.

Mr. Wilson: Yes.

Mr. Davies: Codes of ethics, and that kind of thing, and which nobody has in mind as a trade practice, or as coming under that heading at all, such a matter, for example, as leasing practices, the way in which properties are leased, the way in which -- well, anything that would prevent your considering the governmental problem of leasing public lands.

In a sense, maybe trade practice applies in that field. Now, that is not the sense in which the term is used in the oil industry.

That point has been raised with me and I want, just to be on the safe side, to be sure that what you are driving at is what I just mentioned.

Mr. Jacobsen: I think I can speak for the committee, and if not I can be corrected. Using your specific example of such thing as the terms under which public lands are leased, we would certainly consider that that is a proper subject for us to deal with.

Mr. Davies: I want to be sure that that is the understanding.

Mr. Wilson: Definitely.

Mr. Davies: Because "trade practices or the like" is pretty broad language.

Mr. Pogue: Mr. Chairman, my idea of the propriety and impropriety is very difficult to voice in language, but it is this, that problems that can be solved by the competitive forces of the industry would be out of balance with problems involving a collective solution relating to the relationship of government and industry, within bounds, because if the Council gets to the point of accepting collective solutions of problems that can be competitively solved, they are then, to that extent, giving up their independence or freedom of

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enterprise just to that extent.

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Mr. Wilson: And jeopardizing their situation in regard to the anti-trust laws.

Mr. Pogue: That, too. I think the instrumentality of the Agenda Committee was set up in recognition of the fact that no one could define the proper boundaries in advance, that each problem would have to be accepted or rejected on its own merits. But I can foresee that the Agenda Committee will have to formulate roughly some principles of its own in determining the criteria that it sets up. But I would like to emphasize the point that perhaps the dividing line lies in your question of competition, because both legally and economically I think we want to avoid any solution of any problem which could be solved by the ordinary competitive forces of the industry.

Mr. Van der Woude: We have set up a dividing line.

Mr. Wilson: It is very hard to put it up in exact language.

Mr. Hallinan: Mr. Majewski, do you want to speak to the matter?

Mr. Majewski: Yes, I want to speak to this point. You are dealing with leasing public lands for crude oil development, you are not dealing with leasing Army airports, and so forth, where the Government is trying to get uniform leases and trying to get the Council to pass on whose gasoline

will supply the airport. All it deals with is crude oil. We do not want you to deal with public land leasing for anything but crude oil. We want to be left alone, that is, the independents do. We do not want any leasing on a uniform basis there. We are tired of that.

Mr. Jacobsen: I think Mr. Davies' question did relate to the leasing of public lands for oil development. That is what you have in mind?

Mr. Davies: That in particular occurs to me at the moment.

Mr. Pogue: Within bounds is my concept of it, Mr. Davies.

Mr. Ferguson: I do not think we should leave that "trade practices or the like."

Mr. Hallanan: Gentlemen, I do think it is quite important for us to keep the record clear on this discussion. I hope you will rise and have recognition in connection with this particular discussion.

Mr. McClure: Mr. Chairman, I do think it is in order to point out at this time that we do have a semi-tentative agreement with the Secretary of the Interior, Mr. Krug, that that discussions of physical and market waste will not be excluded from this formula. He so stated at the original meeting and certainly it should be the prime concern of the Oil and Gas Division of the Department of the Interior.

to take some cognizance of those operations.

Mr. Hill: Mr. Chairman, we wish to clarify it as well we can. The intent and purpose of the language employed in this thing we wish to clarify. I am afraid that if the language, which was drawn with scrupulous care, with the aid of counsel, was interpreted as widely as was just indicated by my friend McClure's statement there, he is trying to interpret it in the light of what he regards as an understanding between the Secretary and this Council, and I am not a party to that understanding. I do not understand that the Council is agreed with the Secretary about the matter to which you refer, Mr. McClure. My understanding is that the Council sent out a committee of fifteen to bring back a report employing language sufficiently clear in its meaning and legal application to chart a safe legal course not only for member of the Council but for the Secretary of the Interior.

8- Therefore, it becomes necessary to challenge your interpretation, because I do not think that it comes at all within the meaning of the language that is contained in the report of the committee.

Now, if any member of the Council feels that the jurisdiction should be different from that express in this document, the way to accomplish that is by appropriate amendment, duly understood and voted on by the membership.

I merely rise to say that the language, in my judgment,

of the committee's report does not comprehend the subject that you referred to.

Mr. Jones: Does it comprehend any other understanding of the Secretary?

Mr. Hill: My understanding of this document is that it is based upon the judgment of the Committee of Fifteen, with the aid and advice of counsel, and that it embraces no understanding with anybody.

Mr. Blazer: Mr. Chairwan, I believe that the future interpretation of these clauses should not be bound by what I consider a rather informal discussion here. I agree with George Hill. I am talking from the standpoint of Mr. McClure on one side and Mr. Majewski on the other. I think the words should speak for themselves, and that neither the Agenda Committee nor the Council should be bound by anything other than these words, and if these words are not adequate then we should amend them now. I assume we are not in the position of the Congress where it is put into evidence in some future decision as to what was said by the members at the time it was passed.

Mr. Halloran: Mr. Davies, will you proceed?

Mr. Davies: I would like to mention the fact that you intend to provide a chairman, vice chairman and secretary-treasurer, and also mention is made of a budget. I just want to inquire if it is the intention of the Council to have a

Washington office and a representative present in Washington. We have talked of that some time in the past. I myself still feel strongly that the Council will be able to be of much more help, will be much more effective in its work with the Government if it does have a resident here, some representative, some office, some piece of machinery, so that the Government can deal locally with someone or through someone.

Mr. Hallanan: I think I might answer that, Mr. Davies, by saying that it is contemplated that whatever activities the Council does assume will be carried on in a Washington office.

Mr. Wilson: With the secretary-treasurer in residence there.

Mr. Hallanan: That is right.

Mr. Davies: That satisfies my point there.

At several places throughout the report and in the resolution, mention is made of the appointment of committees. You describe how the Appointment Committee is to function, and so forth. That is all very good. I would like to observe, however, that committee appointments should first be cleared with the Secretary of the Interior or the Director of the Oil and Gas Division, just as during the war that was the practice in appointments to the War Council or committees that were offshoots of the War Council, and so it should be the practice with relation to any peace-time organization.

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The Government will always want to feel satisfied that the membership on a committee is properly balanced, properly representative, it will want to feel prepared to defend the organization, and will be certainly called upon to defend it. If our past experience means anything, we can be sure of that.

I think, secondly, that it is part of the protection that the oil industry may well be seeking, to be always able to say that committee appointments have the approval of the Government. Nothing is said, one way or the other, about that in the report. It may have been your intention, but I again would like to be clear on that point.

Mr. Mallanan: Mr. Hill.

Mr. Hill: I would like to say to that if the word "cleared" is used in the same sense as the most famous application "clear it with Sidney," that it is the intent and legal effect of this document, that "cleared" is not the right word. I think it would be very poor cooperation if the chairman and vice-chairman and secretary-treasurer, and the Appointment Committee, did not act with the fullest mutual confidence and cooperation with the Secretary and the Chief of the Oil and Gas Division, but I think, from the legal standpoint, the machinery set up here necessarily implies that the legal right of appointment is reserved by the Council of its own committees, through the procedures which are here established.

Now, if we are operating as we seek to do, within a clearly defined legal area, then certainly if we are to act as advisers we must have and be conceded the right to determine whom those subsidiary committees shall consist of, because they do not report to the Secretary or to the Chairman of the Oil and Gas Division, they report back to this Council and this Council then determines to what extent, if at all, it shall give its advice, aided or unaided by its subcommittees.

So, after all, the named members of the Council are the ones who must assume the responsibility in each instance of advising the Secretary or the Oil and Gas Division. I do not believe that we have any different viewpoint, but I think I do understand the meaning of the document, which is that the legal right to name subcommittees and the machinery provided for the administration of the Council necessarily supposes and presumes the right of the Council, through this machinery, to name the personnel of its committees.

Mr. Davies: Let me say, if I may, apropos of Mr. Bill's remarks, I do not want to be technical about this at all, or legalistic, all I want is to be sure that no committees will be appointed until the Government forces are consulted. I think that is the protection that the Government must have with relation to any organization that is really created by the Government forces, whom the Government

will be called upon to defend.

Mr. Jacobson: I would like to endorse what Mr. Hill said, I agree with him completely, and I would only like to add this: That in all of our discussions the question that you have raised now, Mr. Davies, did not come up, as to whether those committees should be cleared with the Government, but it has certainly been my tacit understanding all the way through that the Council has the right to appoint these committees which, as Mr. Hill said, would report to it. It never entered my mind that after the Chairman, with the assistance of the Appointment Committee, had decided on committees we would have to get an OK of the Government as to whether those particular committees should be allowed to do the work.

A good many of the committees, not all of them, but a good many of the committees will be composed of Council members, and if a man has been named by the Government itself as a member of this Council, I do not see how the Government could possibly object to that same man being on the committee named by the same Council.

Mr. Davies: I might not have an objection to an individual at all, probably would not. Throughout our whole war experience I do not recall any one case where there was an objection to an individual. There might well be objection to the way in which the committee was composed, I mean personnel

in the balance of the committee. Whom do these people represent? Whom do the individuals represent? What is their background and knowledge? Do you have a properly balanced group considering the particular business? It is that rather than anything personal that will be, and past experience shows has been, of real interest to the Government.

Mr. Majewski: Well, I am a little floored by what you just said, because I considered that this Council was autonomous in the selection of its committees. That you should even raise the question is another thing, because in the election of a chairman -- and he will be carefully selected -- it is assumed that the chairman will consult with the Government, to see that there is a proper balance as between operators in the business, not as to who they shall be. You might question whether it was five major companies, or ten, on the Agenda Committee. The Council itself will avoid that.

Let us assume that the chairman will consult with the Government, I do not know how long we are going to be here, or Mr. Krug, and the Republicans might get in, and then I will be as suspicious as the Republicans are of this administration, and I would not want to give you that right to handpick them. But more important than all of that, that savors of what we have in Chicago, where Ed Kelly picks everybody. The Council votes 49 to nothing, or 49 to 1.

We have the democratic processes functioning there, but actually, as a democratic organization, and I do not want to get into that thing here.

The real charge that will be leveled at that statement of yours is you are hell-bent for making this a Government-controlled industry because you choose the personnel that runs it, and, brother, I do not want to be on the Council with an understanding that the Secretary of the Interior or the Director of the Oil and Gas Division is going to pass on the qualifications.

I know you do not mean that. What you are concerned about is this balance between the independents and majors. Of course, I could kid about that "balance" a little bit. This was not premeditated, these were the last chairs vacant, but let me show you even in the committee that you pick so carefully and wisely you have got too damned many producers. I mean that is what the marketers will say. Let us not get into the position where you, or the Government, says, "Make this a handpicked Government operation," because if you do the marketers and I will walk out. I do not think you mean that.

Mr. Davies: I think I mean just what I said, Barney. The Government certainly wants to be consulted about the appointment of committees that are going to, directly or indirectly, be its advisors. Now each one of you has been

at some pains to say that it was presumed always that if the proper relationship existed, that that would happen. Well, all right, that is all I want, is that it happen. It could happen. It is a reasonable thing to expect to happen.

Mr. Jones: Can not we let it rest there? I think it would be unwise for us to spell out how these committees should be selected.

Mr. Davies: I am not asking you to spell it out.

Mr. Jones: It is not likely that a competent chairman of this Council does not have in mind the basic principle which underlies our whole objective here, namely, to be of service to the Government. A man selected to the committee must be selected for his competency, knowledge of the problem, and so forth. I can not conceive of a chairman or secretary-treasurer of the Council who would be picking a committee that would be offensive.

I think the working arrangement will carry with it these tacit understandings that consultation will be had. I think it would be unwise to write into this document, or any other, to give the right to the Secretary to pick committees. I do not think it looks well in the spirit that we have engendered here among the industry and on the side of the Government.

Mr. Davies: We definitely do not want to pick a committee,

we just want to be consulted. I am sure after that consultation no differences would exist, because the Government is not going to find objection just for the sake of finding objection. Presumably it will have some good reason to present a point of view, and presumably that point of view will be influential with the Council. I do not anticipate any real trouble, but I do think it is necessary that we have the understanding that there is to be consultation.

Now you do not come up against some of the correspondence, some of the complaints, some of the problems that reach the Government office. I have on my desk a lot of correspondence with service station people all over the country, service station associations, and they are just raising hell over the fact that no one was put on the Council who was a service station operator. We have gone on with correspondence here for several weeks with various of the associations, carried it as far as we can, and one of the problems I want to deliver to the Council today was what to do about putting the service station operator, or half a dozen of them, on the Council. Nothing less than half a dozen will satisfy the association. I have a letter that came here this morning. We wrote to these associations, and I thought we did a pretty good job of painstakingly explaining that the service station operation as such was represented on the Council. True, we did not have a service station operator, but we had many people

on the Council whose companies operated service stations, and certainly the service station problems would be well represented. We listed the names of the individuals who knew a lot about service station operation, and so forth. As I say, I think the office did a pretty good job of letter writing, but here is the answer that I have this morning:

"Why all this horseplay? I have received the same type of helum ever since the TIA days. It is the old corn gave to us."

As I say, before the day is over I would like to ask you what to do about service station representation.

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Mr. Jacobson: May I suggest, let Barney be requested to reply to that letter.

Mr. Majewski: You want me fired?

Mr. Hellanan: Mr. Holman.

Mr. Holman: The point I had in mind, Mr. Chairman, is we did provide, in documents submitted to the Council, that men of ability should be selected to the different committees. It seems to me that is as far as I care to go.

Mr. Wilson: Mr. Chairman, the provision on page 4 of the document is with regard to the appointment of all other committees by the chairman. He certainly would be on the job to consult with the Oil and Gas Division or Secretary. Two of the committees, however, are to be selected by the Council, and I wonder just how that consultation would take place. If the Council be represented you would assume that they would elect a representative on the Agenda Committee and Appointment Committee. If we are going to get started, we have got to do something about those committees. I do not just visualize how that consultation can readily take place.

Mr. Hellanan: May I say this presents a very practical problem, because I have had an opportunity to discuss this situation previously with Mr. Davies, and I found that he had that very definitely in mind. Now, we are moving forward today. I take it if this report is adopted we would have an organization that would provide for the election of these two

WLC2

committees, the Agenda Committee and Appointment Committee.

I do not think we can just brush this aside and say we are not going to determine what we are going to do about it, because we are on notice, as to speak, that those committees must at least be elected, after consultation with the Department and that they would not be expected to function until after that consultation. So we face a very realistic situation here that we just cannot defer on some general understanding.

Mr. Shannon: Mr. Chairman, I would like to inquire if these two committees, the Appointment Committee and Agenda Committee, are going to be of great importance, if the chairman should not be obligated to make the appointments?

Mr. Hellanson: I was elected by the Council.

Mr. Shannon: Or at least submit it to a vote, that there shall be one member from each geographical district on each of those committees. In other words, we had five districts in the previous Council, and if we have probably 11 members we agree that 5 of those members should consist of men coming from each of those 5 districts.

Mr. Hellanson: Any further discussion of Mr. Shannon's suggestion?

Mr. Jacobsen: They are to be elected by the Council itself?

Mr. Hellanson: That is right.

Mr. Jacobsen: It is up to the Council to decide how they

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want them to be distributed.

Mr. Jones: I think on that score again, Mr. Chairman, it is quite likely that is the way it will divide itself. Geographic considerations will be carefully weighed, and functional considerations will be carefully weighed. I do not think that any body has got a slate that they want to push on anybody.

Mr. Ferguson: Mr. Chairman, may I inquire if you had in mind appointing the Nominating Committee to in some way concentrate this work that Mr. Davies has in mind?

Mr. Hallanan: Mr. Ferguson, I had no definite procedure in mind, but that would be an entirely proper approach to it.

Mr. Ferguson: I do not know what is pending here now.

Mr. Hallanan: The matter of the adoption of the report of the Committee of Fifteen is pending.

Mr. Ferguson: We have not voted on that?

Mr. Hallanan: No, we have not.

Mr. Ferguson: I do not think it is quite appropriate now to make that motion, but I would like to make that motion later on, because I do not see how we can concentrate our attention on properly balanced committees unless some small committee gets together.

Mr. Jones: And receive suggestions.

Mr. Ferguson: Receive suggestions, and then come back.

WLC4

I am sure it would be helpful. I will make that motion later on when it is proper.

Mr. Hallinan: Mr. Davies, do you have anything further?

Mr. Davies: Well, it is provided that a 10-day notice will be given in the case of every meeting. It might just be, in some emergency, that it will not be possible to give a 10 days' notice. I take it you recognize that.

Again, the Government may call on you for some help in a hurry. There have been cases where we could not look ahead 10 days.

It is also mentioned that special meetings of the Council will be held on the call of the chairman. Again I take it, there will be consultation with the Government forces to see that we are in agreement as to the date and purpose of the special meeting, and so forth. I am not suggesting that there be any change in the wording of this document, I am only anxious to establish an understanding here.

Mr. Hallinan: The Committee of Fifteen weighed the matter of special meetings. It was felt that 10 days was about as short a time as could be required to get a meeting of this large membership together from the various sections of the country. It could hardly be done in less time than that.

Mr. Roosevelt: Mr. Chairman, I would like to suggest something on Mr. Davies' idea of having the Government approve the committees. As I understand it, the Government now has the

WLC5

veot power on any decision which the committee might recommend to the Council. It has the right to veto after the Council takes action and makes recommendation, so why should we have anythi more than that. After all, in a group as large as this is, practical problems present themselves. For instance, the appointment of committees. The idea is sound, of selecting a member from each geographical division in the United States to this committee, as suggested by Mr. Davies, is often required or we hope it will be, but to get prompt action on something I think it is more important that a committee be appointed with due regard to the availability of that committee.

There is too much fear here, it seems to me, fear of unfair action. I do not believe that is correct. The War Council was always found to be fair and reasonable, and inasmuch as the Government has the right of veto, it seems to me we should be permitted to elect these committees as the chairman and Nominating Committee think wise.

Mr. Majewski: I think Mr. Davies has only asked for consultation on the time and place of the meetings, so that they could be present at those meetings and so that those meetings would be convenient to the Government. He does not say you cannot have a meeting.

You also provide, in the last sentence of paragraph 9,
"The meetings of the Council shall be held in the offices of

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the Department of the Interior, Washington, D. C., or such other place as may be designated by the Secretary of the Interior or the Director of the Oil and Gas Division." That means, it seems to me, we cannot hold a meeting unless you tell us where and when, so I think you are raising a moot point. You did not read this carefully.

Mr. Jones: He suggests there might be an emergency when ten days' notice will be too long.

Mr. Majewski: Even then he knows all about it, because we cannot meet any place unless he designates the place.

Mr. Wilson: With the present state of hotels and trains you could not get a meeting in five days. As a practical matter, you just could not get a bunch of people in.

Mr. Davies: There is no worry about that. You would get here in the matter of hours.

Mr. Hallinan: I think in an emergency everybody would get here as quickly as they could.

Mr. Davies: I want something said here that does not make it absolutely mandatory that we have 10 days' notice if an emergency arises.

Mr. Blazer: I move that we add the words "except in an emergency". I think it could be very easily drawn in, making an exception in an emergency.

Mr. Ferguson: I move we insert the words "unless there is an emergency."

WLC7

Mr. Russell B. Brown: What line, page, and so forth?

Mr. Hallanan: Page 8, paragraph 9.

Mr. Russell B. Brown: Let me see if I understand Mr. Ferguson's suggestion. That would be in paragraph 9 on page 10, after the word "Council" and before "at least 10 days" insert "except in case of emergency".

Mr. Hamilton: Page 8.

Mr. Hallanan: "At least 10 days' notice of every meeting of the Council shall be given by the Secretary Treasurer to each member of the Council, except in case of national emergency."

Mr. Wilson: Unless an emergency required shorter notice.

Mr. Davies: They are the only points I have to raise, gentlemen. I repeat, I think it is a splendid report and very pleasing.

Mr. Hallanan: The amendment as proposed by Mr. Ferguson is accepted.

Mr. Colley: I have a feeling that the ship is moving from the dock into open water. I gave this a good deal of thought since the last meeting and I would like to present my viewpoint.

We all feel, I am sure, that the Honorable Secretary has an earnest desire to see Government representatives and industry personnel sit together to solve difficult correlative problems through a forum where full discussion is made possible by the

WLC8

forbearance and mutual respect which thrive on acquaintanceship. However, it seems to me that there are at least two questions which should be raised at the outset and answered with the utmost realism.

(1) Is this kind of forum possible?

We have before us the admonition of the Attorney General.

As a layman, I interpret his words to mean that the Council may receive a request from the Honorable Secretary for Information from the industry for use in arriving at a decision on a matter presumably within the jurisdiction of the Secretary of the Interior.

The question must be of such a nature that the answer can be obtained by factual research. Factual research deals with history. Why should there be a council of executives for this purpose? A committee of statisticians from the industry could do a quicker, and, if I may say so, better job.

(2) Is this kind of forum desirable?

There can be but slight disagreement with the wisdom which dictates an all-out cooperative effort during a national emergency, such as we have just passed. During war, time and materials must count to the utmost. Therefore, leadership, which all join in following, is imperative, even though the way selected is not necessarily the best way. Conflicting ideas must be reconciled promptly. During World War II, I am certain many members of the Petroleum Industry War Council supported

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measures which foresight indicated would adversely affect their separate interests. I have some misgivings that the truth of this statement may be demonstrated soon.

But we are not actually engaged in war now; when we are, then a resumption of joint action will be in order.

There is no longer any reason to believe that the submerging of individual decision in the operation of business will be in the common interest. On the contrary, there are strong reasons to think otherwise. What purpose then is to be served by the periodic forums held under the auspices of a particular Governmental bureau?

Mr. Hallanan: Gentlemen, there is now pending a motion made by Mr. Hamilton that the report of the Committee of Fifteen be adopted.

Are there any further remarks?

Mr. Porter: To put it mildly, I want to thank the committee for the time and effort put in this report, but I would have much rather seen a report that would cover one paragraph. I thought about this Council a great deal and I listened here all day the last time I was here. I did not hear any legitimate reason for its existence. Three members of that committee I notice were consistently absent at all meetings and they are not here today. Maybe I am construing their actions wrongly, but I feel that they do not subscribe to the set-up of this Council.

WLC10

If the majority insist on having a council, then I am going to have some amendments to offer. I would much prefer to see it discontinued.

There is an effort in different parts of the Government to obtain national and international control of the oil industry. I personally think this is out from the same pattern. If we continually come up here to meet with a governmental bureau it will enhance their prestige, and then it will just be a matter of time when they will go up on Capitol Hill and take charge of it. I do not think any man can prove that that is necessary from a conservative angle or any other angle. In my opinion, the only need for it would be to build up another political machine. From past experience, I think we would have to furnish the lubricant, and it would not do a good job.

I would like to ask you a question, since your committee found that such a Council was desirable and useful; Were they of the frame of mind that something had been left on their doorstep that they could not kick off or get rid of and they just had to do the best they could with the proposition, or did they go right back to the beginning and consider it as an original idea of their own and start from there and reach their conclusion that such a Council was desirable and necessary?

To provide more detail, I would like to add.

Mr. Hallanan: I do not consider, Mr. Porter, that I would be authorized to speak on behalf of the whole Committee of Fifteen. This is an open forum, and any member can answer the question who desires to. Do you propose to offer some amendment to the report of the committee at this time?

H.J.
Mr. Porter: Yes, sir.

Mr. Hallanan: May we have them submitted?

H.J.
Mr. Porter: I want to make this amendment, that the members of this Council, if it is set up, be selected by the industry; that a committee be appointed to confer with the Secretary of the Interior and get his agreement that this Council, as presently constituted, shall be authorized to increase its membership and that that committee work out a fair and equitable representation on the Council, on a percentage basis, for all segments of the industry.

I do not know whether you know it or not, but a demand will be made in the Senate for an investigation of the personnel of this Council as presently constituted.

Then, I want to offer another amendment.

Mr. Hallanan: Let us dispose of one at a time, Mr. Porter. Do you offer that as an amendment to the report of this committee?

Mr. Porter: Yes, sir.

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Mr. Hamon: I think we ought to look entirely as to what he has to say. I haven't had any conversation with him, but

it would make sense if we hear whatever he has in mind on the whole program.

Mr. Hallinan: Well, offhand, I would say that the amendment is not germane to the report of the committee. I do not think it has any bearing on the report of the Committee of Fifteen.

Mr. Porter: I do not understand your ruling on that, when this report apparently is going to be the set-up of the Council.

Mr. Hallinan: I think your proposition would come after the Council was created. It has not been created yet through the adoption of this report. Your amendment is premature, because there has been no action in adopting the report which creates the Council as yet.

Mr. Porter: I want that to go in the report when it is finally adopted or rejected.

Mr. Roesser: The Council is not organized yet. We are attempting to organize it. Any member can offer amendments as a matter of proper procedure. I think we should consider amendments at this time to the document.

Mr. Majewski: Mr. Chedeman, the Council is already appointed. Mr. Porter's charge is that the Council is not representative of the industry and that Congress is going to do something about it. It seems to me your ruling is germane in that his complaint is against the Secretary who appointed the Council.

His attack is on the integrity of the representation, the insufficiency of members.

Mr. Porter: I would like to make myself clear on that.

I am not questioning whether or not the Council is representative of the industry, I merely said it was to be questioned. I heard that since I got into Washington from good authority, and I think my suggestion would probably preclude such investigation, if it was adopted.

Mr. Drvies: I think I should remind the Council that at the previous meeting, our first meeting, it was pointed out that there was no limitation as to members on the Council. We had done the best job we could in putting together a representative group. If that group thought additions should be made, we were perfectly ready to receive suggestions. That still goes. This membership is not necessarily final, if anyone can show that changes would be beneficial.

Mr. Hollanan: Mr. Porter, these amendments with which we have dealt this morning have had some bearing on this committee's report with respect to organization and procedure as outlined in the report. Now, your amendment goes to the criticism of the membership, with which this committee has nothing to do. Now, I am inclined to rule that your amendment is out of order, but it is up to the Council to determine whether or not it wants to sustain that ruling or to bring your amendment out, or dispose of it at this time. I really

do not think it is proper in connection with the matter now pending.

Mr. Jones: May I ask Mr. Porter whether he has a lot of other amendments and whether he would like to be heard on them all before they are voted on?

Mr. Hallinan: Have you any other amendments that might deal directly with the report which is under consideration?

Mr. Porter: It might not be germane either, but I want to offer an amendment that the next meeting of this Council be the first Monday in May, 1949, and each four years thereafter.

Mr. Hallinan: I think that is an appropriate amendment. Is there a second to it?

Is there a second to Mr. Porter's amendment?

There apparently is not.

Mr. Jones: Are those all the amendments you have?

Mr. Porter: That is all.

Mr. Hallinan: If there is no second, it is lost for lack of a second.

The question is on the adoption of Mr. Hamilton's motion.

Mr. Majewski: The question is on the adoption of the resolution.

Mr. Hallinan: The question is upon the motion of Mr. Hamilton to adopt the Committee's report.

Mr. Majewski: That is right. I want to talk on that.

I am in favor of taking action today. Every member of

Council who has been appointed has received due notice that the Committee of Fifteen had to present its report to this meeting; however, 30 members are not here. Those 30 members are entitled to a look, it seems to me, if we are going to be free from criticism for this report.

The only real complaint that you have against this activity of the Committee of Fifteen and this Council is that they held up the report until the morning of September 26. Nobody got a look at it but that select Committee of Fifteen and the chairman and Mr. Davies. Now, it may be that if any of the 30 members who are not here this morning would have received a copy of this prior to this meeting they may have had something real to say about it. They may use this as an excuse that "You did not consult me and therefore I can no longer be a member." 30 is a substantial number. I am wondering if we had better adjourn for lunch and think about whether we want to adopt this report today. I do not want to change another word in it, I think it is good, in spite of what Jake said.

I do not think you want to take too a precipitant action, because when you get criticisms like Mr. Porter's and when you get a stolid fellow who usually, during five years, has no report or comment, I think we ought to think about it for a while, especially when nobody has taken on the responsibility to answer him. I do not think you ought to take a vote, at least this morning. I suggest you get your bellies full so

you can think soundly as to how you are going to answer the criticism from other quarters. I suggest we recess now until the time set by the chairman and come back and consider the advisability of passing this today. I would like to make that as a motion.

Mr. Barton: I second the motion.

Mr. Hallinan: The motion is made and seconded that we adjourn for lunch. It is now a question of one. All in favor of the motion indicate by saying "aye"; contrary, "no". The motion is carried.

(Whereupon, at 12:45 p.m., a recess was taken until 2:15 p.m., of the same day.)

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AFTERNOON SESSION

2:15 p. m.

Mr. Hallanan: The Council will be in session.

Mr. Porter, I did not understand the purport of one of your remarks before the recess, but I later have been told that you had indicated that Mr. Pew and Colonel Drake and Mr. Matty, three members of the Committee of Organization, had not participated in the deliberations of this committee or of the report.

I want the record to show that the only reason that Colonel Drake has not participated is because he is in Europe. Mr. Matty was present at the first meeting of the committee, had been advised of its work, and is only absent because of being on a vacation. Mr. Pew, while unable to be here, has been represented at the committee meeting by his counsel, Mr. Moppet, who sits here today as an observer at this meeting, so I wanted it to be clear as to their participation.

The question before the Council is upon the motion to adopt the report of the Committee of Fifteen.

Voice(s): Question.

Mr. Hallanan: Are you ready for the motion?

Voice(s): Motion.

Mr. Hallanan: The motion has not yet been seconded.

Mr. Roosier: I second it.

Mr. Hallanan: Seconded by Mr. Roosier. All in favor of

the adoption of the report of the Committee of Fifteen, as amended, will indicate by saying "aye".

(A voice vote was taken.)

Mr. Hallaman: Contrary, no.

(A voice vote was taken.)

Mr. Reeser: Mr. Chairman, I would like to be recorded as not voting.

Mr. Hallaman: Mr. Reeser not voting. Mr. Colley, do you want to be recorded as voting?

Mr. Colley: No.

Mr. Hammond: I am not voting.

Mr. Porter: Record me as voting "No".

Mr. Dawes: Not voting.

Mr. Hallaman: The report is adopted. What is your pleasure? Major Hardey?

Mr. Hardey: Mr. Chairman, in view of the provisions contained in this report this Council just now adopted and since the report proposes to set the pattern and procedure for permanent organization of this Council, it occurs to me that the next step in the organization of this Council shall be the appointment of two main committees outlined in this report. I would like to move you, sir, that a nominating committee of five be appointed by the Chairman for the purpose of bringing in recommendations for the Committee of Eleven on each of these two committees.

Mr. Hallanan: You heard the motion.

Voice: I second the motion.

Mr. Hallanan: All in favor indicate by saying "aye".

(A voice vote was taken.)

Mr. Hallanan: All contrary, "no".

It is so ordered. The chairman will vote on the Nominating Committee.

Mr. Roesser: Will this report go to the chairman and vice-chairman of the committee, Mr. Chairman?

Mr. Harday: No. This committee can not proceed any further without the naming of these two committees first, and then that would be an order of business, it seems to me, for the Council to consider in session.

Mr. Roesser: Well, then, to shorten matters, we can amend that motion to provide that this Nominating Committee also bring a recommendation in as to the chairman and vice-chairman of the Council.

Mr. Hallanan: Mr. Roesser, I was not listening. Will you repeat your motion, please.

Mr. Roesser: Mr. Harday's motion provided that the Nominating Committee consider a reference with reference to the Agenda Committee and the Appointing Committee, and I wish to amend the motion to provide the Nominating Committee also bring in recommendations with respect to the chairman, vice-chairman and the Council. It seems to me it would be better

to have a chairman elected at this time rather than to appoint a new Nominating Committee.

Mr. Haxom: Mr. Chairman, I would rise on a question of information. I see the budget is \$50,000, but is the chairman going to be a full-time man? Is he going to receive some compensation for acting as such, or is he going to serve without compensation?

Mr. Hardey: The Committee of Fifteen without compensation.

Mr. Rovan: This motion provides to appoint a nominating committee and a committee on agenda. Now, the Nominating Committee's function, I think, is clear to report on the chairman.

Mr. Jones: Mr. Chairman, I think it would be unnecessary and perhaps inappropriate at this time to try to resolve a permanent organization. I think it is necessary to provide the committees that need to start functioning, but we have a temporary organization here. I think to take any steps here that we don't need to take at this meeting is pressing the matter a little too far. The selection of a permanent Chairman, permanent vice-chairman and permanent secretary should be done after most careful consideration, after an exhaustive contact of who may be available for the chairmanship, who would be willing to serve, who would accept the secretary-treasurership. That is going to be bad business,

and the qualifications of thos men need to be considered because of their lack of desire, perhaps, or their unwillingness to serve, or their inability to serve. Even though somebody might well be agreed upon here as desirable does not mean that he would be available.

Now, that same thing would not apply to membership on a standing committee. I think most of the members of this Council, if needed on a committee, would be willing to serve as members of the committee.

It is another thing to set up an organization where men would have to take on continuing responsibility to the Council. It is going to be a full-time job for some of these jobs, and a lot of work is going to fall on the shoulders of the chairmen, and I think if you act wisely you will make hay slowly on the setting up of the permanent organization.

Then, too, I would like to see more clearly than I now see who the men are in the Government with whom we are going to work and perfect our permanent organization only after we have some idea of the type and calibre and experience of those. I strongly urge, Charlie, that we not press for a permanent organization at this time.

Mr. Brazell: Mr. Chairman, I would like to second Mr. Jones' suggestion, and I would like to suggest that the committee that the Chairman appoints bring in this slate of names also confer with Mr. Davies before or at the time

they are making this slate so that it will conform with his request and his suggestion he made here this morning, which I think is a good one.

Mr. Hallinan: Mr. Roosier, is your motion still pending?

Mr. Roosier: The reason I mentioned the fact of the selection of the chairman and vice-chairman at this time is I recall in the first meeting of June Mr. Roosier mentioned at that time that he had several subjects mentioned by this Council at the earliest opportunity. Three months have passed under the leadership of our Acting Chairman. A fine job has been done in the setting up of the organization and providing for new committees. It seems to me that if this Council is going ahead on an active basis we ought to prepare the permanent organization today.

Mr. Jones: Wouldn't it be appropriate, Mr. Roosier, to ask Mr. Davies if he would appoint his permanent chairman and vice-chairman and secretary at this time?

Mr. Roosier: But I predicated my remarks on the fact that they should become permanent at the earliest opportunity.

Mr. Davies: I can only say that on the organization that you have had you have brought in a very excellent report and have evidently made splendid progress, more progress than I had thought would be possible.

Mr. Majewski: Mr. Chairman, I second Mr. Farley's motion to deal with the things that are most pressing, the

appointment of a committee on nominations and for the membership on the agenda and the appointment committees. You are bringing up a question of permanent organization. The chairman and vice-chairman and the secretary and treasurer. You can't have the secretary and treasurer today because the Appointment Committee was acting on it according to the by-laws that you have just adopted.

I would suggest to you that we don't want to impugn anybody's motives at the moment. You have certainly done a fine job. You have led it to this point where we are now. I don't know why you can't continue to lead us as temporary chairman for another 90 days. It won't impair the work of this committee as Council in any way. You have the confidence of everyone here, and you have done a helluva good job, but there are definitely some people who would like to be considered or have their views considered on a chairman, a permanent chairman, who might differ with Mr. Rosser, and with the people who are present here.

The work of this Council should not be impaired for failure to elect a chairman today or a vice-chairman. I would still like to go along with your original motion to do the things that are necessary first. Frankly, I agree with Pete Jones on this point, that I don't know who is going to be the permanent Oil and Gas Division director. Maybe some of us wouldn't want to work with him. Let us

find out where we are going in this organization. How far will we be permitted to go? How far will our recommendations on the questions proposed to us be accepted? Therefore, I urge you, Charlie, not to push your point because we will take up the rest of the afternoon debating about what should be a permanent organization and how the Nominating Committee should bring in a report, and I don't think this is the time to do it, winding all the time that we don't impede our work nor do we stall any report made by the Department of the Interior.

Mr. Rosser: Well, Mr. Chairman, it seems to me unusual procedure to go forward with the appointment of one specific committee while our by-laws specifically state in there that the Appointing Committee should consult with the chairman. Now, it seems to me if you are going to have an effective organization you ought to have your chairman elected so he will be in a position to cooperate with your Appointing Committee. I don't believe that the temporary chairman -- or at least if I was temporary chairman, I would not want to take on the responsibility of seeing that these appointment committees appointed without being the chairman of that committee. That is a terrific responsibility for a man to take on sitting as active chairman.

Furthermore, in any active procedure, so far as the paid members of your staff are concerned, the secretary and

treasurer can be made by the chairman of the appointing committee. We don't have to set up our paid organization today. It seems to me your permanent chairman or your chairman should be elected before you go ahead with the appointment of your Agenda Committee.

Mr. Wilson: Mr. Chairman, it seems to me inappropriate for a small independent committee which should take some action on these two committees to have the very difficult problem of a permanent organization to wrestle with, and such a committee ought not to be a small committee of five but a committee of eleven men carefully selected to consider the thing from all angles and take plenty of time here. I think it would be a great mistake to try to reach an important decision at this time, but I think it is important that we do get started on these committees.

Mr. Hallinan: Well, Mr. Roesser, do you press your motion?

Mr. Roesser: I can't find anything in the by-laws which says that the appointing committee is to make recommendations to the chairman. I think that is up to the Council as a whole. There is nothing in here that says that --

Mr. Hardey: The object of my motion, Charlie, was to set up the necessary machinery to start this Council functioning. I think that any move at this time to name a permanent chairman or a permanent secretary-treasurer or vice-chairman

would be precipitous. I think it requires a great deal of study, and I think it would be wrong to give hasty consideration to it at this time. You can set up these two committees and take care of some of the problems that might face us within the next 90 days without the necessity of naming a permanent chairman, and I think the temporary chairman can function very nicely for a while.

Mr. Jones: Do I understand that there are two or three motions on the floor? Mr. Hardey's motion and an amendment made by Mr. Reeser; is that right?

Mr. Hallinan: Mr. Reeser, was your amendment seconded? I do not recall that it was.

Mr. Kanan: I will second his amendment.

Then another thing, I agree with him to this extent: That I don't see anything, where we are getting anywhere about the appointment of a permanent chairman and a vice-chairman, and if you are going to select one I think the selection of the chairman and the vice-chairman and the Appointment Committee and the other committee -- a committee should be selected and take a lot of time and canvass it and come back three months from now with a report. I think Charlie is logical that you ought not to have a temporary chairman in a permanent organization. But I don't see how you can come in this afternoon and I see no mechanics set up here to consider the appointment of a permanent chairman.

I think the Nominating Committee ought to come and make our nominations for the chairman and vice-chairman and the paid secretary-treasurer and the other committees, and I don't think they ought to go out this afternoon and come back in an hour with some names. I think the whole thing in a good organization ought to be set up, and it might be that whoever would be selected permanent chairman might want some members on the organization that weren't on there.

Mr. Wilson: That would stymie it.

Mr. Roeser: It would certainly be a lot easier matter for the Nominating Committee to bring in two names, the vice-chairman and chairman at this time, than sit down and select 22 names.

Mr. Jones: Mr. Chairman, I understand the amendment now as amended by Mr. Hamon contemplates that no action will be taken at all today.

Mr. Hallanan: I do not understand that that is in the original motion.

Mr. Jones: I understood him to say it is unwise to attempt to appoint any committees today, and he thinks the whole thing ought to be postponed until 90 days. Is that right, Jake?

Mr. Hamon: I seconded the amendment. I did not amend the amendment.

Mr. Duke: Mr. Chairman, I say it is necessary to have

a permanent chairman and a permanent vice-chairman and that the two committees therefore be temporary in nature.

Mr. Majewski: I wish that Charlie would withdraw this thing and not press it. I see no point to be gained. I want to reiterate that what Major Harday said in a few words and will take us a long time to germane. I can see enough people around this room who don't want to deal with a permanent chairman. Charlie's argument is that the chairman must be permanent or else the organization is a spurious one, and that is a spurious argument because he led this thing to get by-laws in here, which is the crux of how you are going to operate, and if a temporary chairman can do it a temporary chairman can do it for the next 90 days. I don't see any objection to what you said, though, in letting this committee of five or nine or ten, or whatever it is on this Nominating Committee, study the matter for 30 days and definitely come in at the next meeting with a permanent agenda for a vice-chairman and a chairman. Let us not get into a discussion and proceed with the business at hand.

Mr. Hallinan: I think the members of the Council will appreciate that this presents some delicacy to the temporary chairman who isn't looking for the job, and under the circumstances I am going to ask Mr. George Hill to preside while this matter is proceeding.

Mr. Hill: Gentlemen, the amendment, as I understand it,

upon which we vote first is that the Nominating Committee of five to be appointed by the Chairman shall bring in nominations not only for 11 members on the Agenda Committee and 11 members of the Appointing Committee, but also a nomination for chairman and vice-chairman.

Does that correctly state the amendment?

Mr. Roesser: That is the amendment.

Mr. Hill: Are you ready for the question?

Voces: Question.

Mr. Blazer: Mr. Chairman, is it appropriate to offer an amendment to the amendment?

Mr. Hill: Well, now, you have got me there.

Mr. Blazer: If it is, I should like to offer as a substitute motion the same motion except that the officers shall be the temporary officers and the two committees shall be temporary committees. It is the same that I believe Mr. Duke suggested -- until next week. But the Nominating Committee be asked to do that rather than permanent.

Mr. Wilson: Why not make that as another amendment, another amendment to the main motion and vote on this amendment as a separate thing, Paul?

Mr. Blazer: Right.

Mr. Hill: Now, you are getting the temporary temporary chairman, and he will have to look around and get somebody to relieve him. Do you adopt the procedure or the form of

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the motion that awaits this other vote? Did you reply to Dr. Wilson's suggestion that this motion should be voted on after we get this voted on?

All in favor of the amendment offered by Mr. Roesser please stand and be counted.

A Voice: Make that clear to us, George, again.

Mr. Hill: Mr. Roesser's amendment was that the Nominating Committee of five or the name of a nominee for permanent chairman and the name of a nominee for permanent vice-chairman, along with the nomination of 11 members for the other two committees, the Appointment Committee and the Agenda Committee.

A Voice: It seems to me that that motion is not clear with respect to time where originally Mr. Hardey's motion, I believe, was that a committee of five be named. I got the impression that they were to act during the course of today's meeting. Now, then, with respect to Mr. Roesser's motion, it seems to me it should be cleared up with regard to time when this action is to be taken.

Mr. Hill: I do not think Mr. Roesser's motion had anything to do with reference to the time of bringing in a report, leaving it to their judgment as to the time required to enable them effectively to discharge the purposes for which they were appointed.

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WLC

MR. Majewski: Mr. Chairman, you are about to put a question, and I am rising to a point of order. There is a substitute motion before the house proposed by Mr. Blazer which takes precedence --

Mr. Wilson: He withdrew that.

Mr. Majewski: Did you withdraw it?

Mr. Blazer: Yes.

Mr. Majewski: I was just rising to a point of order that a substituted motion takes precedence over an amended action. So I again want to arise before you put the motion, to offer a substitute motion, that any action in line with the recommendations made or the procedure in the report -- that all action taken in the appointment of permanent officers and permanent committees such as the appointment of an agenda committee be on a temporary basis for 90 days.

Mr. Jones: May I suggest that if you are going to suggest that, that you offer a motion that no permanent action be taken on the offices named?

Mr. Majewski: Well, that automatically leaves us in the status of voting only on the Appointment and Agenda committees as temporary committees for 90 days. We already have a chairman of the committee, I think, on a temporary basis, and we take no action, so immediately my substitute motion, which has precedence over the previous two motions --

Mr. Hill: Well, gentlemen, give the chair a moment here

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in which to see what we have already adopted. I am afraid you are not getting into the question of amending the -- I am reading this for the consideration of the group; on page 6, subdivision 3, there is this provision:

"The officers of the Council shall consist of a Chairman, a Vice Chairman, both to be members of the Council and to serve without compensation, and a Secretary-Treasurer who need not be a member of the Council. The Chairman and Vice Chairman shall be elected by the Council at its organization meeting in each year, to serve until the next organization meeting of the Council. The Secretary-Treasurer shall be appointed and his compensation fixed by the Chairman with the advice of the Appointment Committee."

I would like to hear some discussion as to whether or not the substitute motion is a proposal to amend the report of the Committee of Fifteen which has just been adopted.

Mr. Majewski: I know you were going to ask me that question, and I am prepared to answer it. Now, I just want to point out to you that there has been no organization meeting called. We are proceeding on a temporary basis. The by-laws provides for an organization meeting. This is not an organization meeting unless you so declare it by a majority vote of this group. Well, that will then conform with these by-laws as I interpret them, these provisions for

WLC3 procedure. We are acting in the absence of a formal organization meeting on a temporary organization which is already in effect through the personage of Mr. Hallanan as temporary chairman, and we are asking for an appointment on a temporary basis of 90 days of an agenda and appointment committee. I think parliamentarians will agree with me.

Mr. Roesser. Mr. Chairman --

Mr. Hill: Wait just a minute, Mr. Roesser. I have been asked to read something else here. I wish you would tell us there what it is you have got in mind.

Mr. Russell B. Brown: What I had in mind was provision 9 on page 8.

"Council members shall hold an organization meeting of the Council annually immediately after their appointment to membership on the Council."

That is part of it. The other refers to the special meetings to be called.

Mr. Hill: Well, Barney, I would like to ask you a question before I ask Mr. Roesser. You are my parliamentary expert, and I have no knowledge of the subject. When the chair, who, by the way, is just sitting here without any authority, elected by nobody, desires enlightenment upon parliamentary questions, how does he get it?

Mr. Majewski: He has, usually, at his disposal a parliamentarian, and I am acting in that capacity for him. I have

WLC 4

already advised you. You certainly would not discount my advice.

Mr. Hill: I will ask you this: Did you have a second to your motion?

Mr. Duke: I will second Mr. Majewski's motion.

Mr. Hill: Now, gentlemen, I will hear Mr. Reeser.

Mr. Reeser: Mr. Temporary Chairman, I am only going to stand on the grounds that the chairman presiding over the meeting at this time follow the by-laws as adopted by this meeting about 30 minutes ago in the presentation of these questions involved.

Mr. Hill: Well, Mr. Reeser, you are my district chairman, and I have been Barney's lawyer, and he now claims he is my parliamentarian. I think I am going to resolve the question, if I am the fellow that has got to do it, on this theory: That when and how we vote we are going to vote our opinions, and uninfluenced by time or accident or anything else. I am going to present the question of the last motion, present it first, right or wrong, because I don't know, and we are going to take a standing vote and count the votes in that fashion because I am not a good judge by ear of how the vote is recorded. Will you state your substitute motion, Mr. Majewski?

Mr. Majewski: Now, you might get me. I forgot what I said. I move the appointment by the chair of a nominating committee of five for the purpose of bringing in nominations

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for a temporary Agenda and a temporary Appointment committee, said temporary appointment to run for 90 days.

Mr. Jones: Bring in when?

Mr. Majewski: Today, meaning today. Charlie wants action, and I don't want to delay it.

Mr. Hill: Now, will you say that again, please?

Mr. Majewski: I respectfully move the Temporary Chairman that he be empowered to appoint a committee of five to be called a nominating committee to bring in nominations for a temporary Committee of Appointment and a temporary Committee of Agenda, said temporary appointments when elected by this Council to act for 90 days until the next regular Council meeting. I want to have those nominations brought in today. In this way we take no delaying action and set aside any difficult dealings with the permanent organization. I am complying fully with what Charlie wants in making this suggestion.

A Voice: I second that motion, sir.

Mr. Holliday: It seems to me, Mr. Chairman, that we should either elect permanent committees and officers today or we should postpone it for 90 days, in order to give the Nominating Committee plenty of time to think it over. I don't know of any temporary duties for those committees to perform in the meantime, and if we are prepared to elect a temporary pair of committees now, we are prepared to elect permanents

WL66

because you know very well that you elect these temporary ones, and then you are going to be so embarrassed you are not going to have the nerve to kick them off and change them. If you elect temporaries now, why, you might as well face the situation that you are electing permanent committees. I think we should face the issue of whether we are going to elect permanent committees and officers today or have the Nominating Committee consider it and bring it back in 90 days.

Mr. Hill: Are you ready for the question?

Mr. Holliday: Question.

Mr. Hill: All in favor of the adoption of the motion by Mr. Majewski, please stand.

(A standing vote was taken.)

Mr. Hill: Be seated, gentlemen.

All opposed to the motion, please stand.

(A standing vote was taken.)

Mr. Hill: The motion was lost.

Now, Mr. Roosner's motion will now be voted upon.

All in favor of the adoption of Mr. Roosner's motion, please stand.

A Voice: Question, Mr. Chairman.

Mr. Hill: Mr. Roosner's motion was that the nominating committee of five bring in nominations for a permanent chairman, vice chairman, and the election or the nomination of

WLC7

eleven members of the Agenda Committee and the Appointment Committee.

Mr. Hamon: Charlie, do you mean to come in today with all that?

Mr. Roeser: Yes, sir. I think this committee can recess for an hour and a half and bring back a nomination as well as they can 90 days from now.

Mr. Hill: All in favor of the motion, stand.

(A standing vote was taken.)

Mr. Hill: All opposed to the motion, stand.

(A standing vote was taken.)

Mr. Hill: I need not count that, I take it. I can see if I can't hear.

The motion is lost.

Now, those in favor of Major Hardey's motion that the chair appoint a committee of five to bring in nominations for a permanent committee of eleven on the Agenda Committee and a permanent committee of eleven on the Appointment Committee, stand.

A Voice: When does that need to be brought in?

Mr. Hill: Today.

All in favor, stand.

(A standing vote was taken.)

Mr. Hill: The motion is carried.

Now, will you take over, please?

WLC8

Mr. Roosier: Mr. Chairman, inasmuch as this Nominating Committee is going to be overburdened by selecting 22 men, I wish to move at this time another nominating committee be appointed to bring in names for chairman and vice chairman this afternoon, acting chairman and acting vice chairman.

Mr. Hill: A committee of how many?

A Voice: I second that.

Mr. Hill: A committee of how many?

Mr. Roosier: A committee of five, one member of which shall be a member of the present Nominating Committee, for the Agenda, and Appointing Committee.

Mr. Wilson: Can we get this other committee started on its mission first?

Mr. Majewski: Mr. Roosier was voted down on the subject and now he comes up with a direct motion.

Mr. Jones: I call for the question.

Mr. Hill: All in favor of the motion made by Mr. Roosier make it known by standing.

(A standing vote was taken.)

Mr. Hill: That is three. All opposed, stand.

(A standing vote was taken.)

Mr. Hill: The motion is lost.

Now, the temporary chairman thanks you for your kind consideration.

Mr. Hellerman: In pursuance of the motion which the

WLC9

Council has just adopted providing for the appointment of a nominating committee, the chairman will appoint Major Hardey as chairman, Dr. Wilson, Mr. Wiess, Mr. Zook, and Mr. Mosher.

Mr. Jones: Mr. Chairman, I move that we recess while the Nominating Committee are deliberating and reassemble when they are finished.

Mr. Majewski: May I ask one question before you put that motion?

You said earlier that there was a question there that you wanted to discuss. It seems in a preliminary way we ought to have a look at that agenda while the Nominating Committee is doing its deliberating, because the hour is getting late.

Mr. Jones: One observation, Mr. Chairman, if my motion prevails. I think the Nominating Committee will naturally want suggestions from the members of the Council and will want to consult with them. It would be confusing while that is going on, it seems to me. If there is no objection, the chair will suggest a recess for fifteen minutes to give that opportunity.

Mr. Davies: May I say that Secretary Krug would like to come in at 3:30?

Mr. Hallanan: Suppose we recess, then, until 3:30 when Secretary Krug can be with us. We will recess, gentlemen,

until 3:30.

(At this point, 3:10 p.m., a recess was taken until 3:45 p.m.)

Mr. Hallinan: The Council will be in order.

Gentlemen of the Council, we are honored here this afternoon by the Secretary of the Interior, Secretary Krug. I know that we are all delighted to have him come in with us and to have the privilege of hearing him upon this occasion.

Mr. Secretary, when you appointed this Council and we met here during the month of June, you indicated to us at the time that you were anxious to see a group that would represent the oil industry and that would serve in an advisory capacity with the Department of the Interior and the Oil and Gas Division. We welcomed the invitation that you extended to us, and we set about, through the creation of appropriate committees, to work out what we thought would be a practical and an effective organization representing all segments of the industry. Through a number of weeks of untiring arduous efforts and labors, the subcommittees of this Council have proceeded along that line, and today it was the pleasure of the Council to receive from this Organization Committee a report covering what it recommended in the way of functions with your Department in an advisory capacity.

I think you would be interested to know that there has

been a very excellent spirit manifested here, and I want to quote to you just one paragraph from the report of the Committee of Organization which I think is indicative of the general attitude of the members of this Council:

"It is the sense of the Committee that the National Petroleum Council can fulfill a useful function in petroleum industry relations with representatives of the Department of the Interior in an advisory capacity. It is, therefore, recommended that the Council undertake to function in accordance with the program hereinafter outlined."

Now, the Council has adopted this report, and we are on the way at this time in the selection or election of committees to carry on within the framework of that organization; in other words, we have our team fairly well ready to meet your team, and we are glad to welcome you here this afternoon and would be very glad to hear from you.

Secretary Krug: Thank you, Mr. Chairman.

Good Afternoon, gentlemen. I will not impose on the good nature and good disposition of probably the most able and aggressive leaders of our most vigorous industry to make a speech, but I did want to come down here and tell you how pleased I am that so many of you have come to this second meeting of this Council and how pleased I am that you have come up with this report of the organization endorsing the

view that a Council of this kind can serve a useful purpose.

When I was down here about three months I expressed my view that this kind of a Council could serve a useful purpose. I realized that some of you were not at all sure of that. I knew it was in some cases for legal reasons, in some cases for other reasons. I hope that more and more of you feel as strongly as I do, because on our end what we have done in the last three or four months makes really clear to me the pressing need for a Council of this kind to advise the Government in petroleum matters and to help the Interior Department with its responsibilities.

I told you at that time that we had no interest or desire to extend our sphere of responsibility, nor to in any way regiment this important industry, and I am sure that if you had any doubt in your mind at that time, that that doubt, if not completely dissipated, is now beginning to dissipate. I am sure as this Council meets from here on out, it will disappear completely. I think most of you know that there are people, some of them in Government, some of them on the outside looking in, that feel that councils of this kind are undesirable in peacetime. They seem to feel that if industry has a lock-in at all on what the Government is doing it will mess up what the Government should do. I do not share that view, and if I find anyone in this Department sharing that view I will find some way to transfer them to the Department

of Agriculture or some other pleasant spot where maybe that view is more welcome than it is here.

I think government is now complex nowadays that if we could find some way to get the leading people of industry to help with the problems of government we would get those problems resolved. That does not mean that in any operation of this kind the Government is going to take dictation from industry or that we are going to dish out any to you. I am very pleased that you are going at this thing in such an orderly way, taking enough time to set it up right, thinking through all the problems carefully, so that we do get off to a start that will produce the desired result and not a half baked affair that after a short time will crumble apart for those who share the point of view that the industrial influence will be shoved out of government completely.

We have been trying since the last meeting to find out what has been going on in government in oil matters. It has been a very interesting chapter in my life, and I am sorry to say we have not yet found out, but we are learning a little every day, and I hope that as we go into this we can work with you to make the Government, as it affects the operation of your industry, as practical as possible, taking full account of the problems of the petrolious industry.

At the last meeting I invited all of you to search your minds and your organizations for people who might be able to

help in this Division. I regret to report that I think so far we have had the magnificent total of "one" suggested. We ought to have your help in getting the right people, and I ask again that you give that some attention in the hope that we can find the very best people to carry out the work in our organization. It does not have to be a large group, and we should be able to find some good people and not just fill up the positions with individuals to have them filled.

I only wanted to mention one other point. I understand ✓ you have had some lively discussion today as to whether the Government should participate in any way in the appointments to committees of this Council. I am very pleased that you have finally decided that those committees should be discussed with the representatives of the Government before they are selected. I think that is important because all of us should recognize as we go through this that this Council does have a rather unique position in terms of its government recognition. It is not a trade association. I am sure if it was, many of you would find it difficult, if not impossible, to participate in it.

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We are trying out something that did work effectively during the war. It operates under a government status. It is because of that that we are able to discuss matters without getting involved in many of the things the Department of Justice likes to interest itself with, and I can assure you we are not going to have any trouble in working with those committees. You won't find anyone in this Department trying to tell the Council the color of the eyes we like on the committee or how you part your hair or in any other way injecting direction, but we do want to make sure that we work with you in accomplishing our joint purpose, and that is the reason for this Council.

That is all I have to say, Mr. Chairman. If any of these men have any questions they would like to pose at us today, I would be pleased to try to answer them.

Mr. Hallinan: Thank you, Mr. Secretary. Any questions, gentlemen?

Mr. Barton: Mr. Secretary, I understand there are some 27 bureaus in Washington that attempt to govern oil; is that right?

Secretary Krug: That is the same figure I have heard, sir.

Mr. Barton: Do you think that together we might reduce those bureaus, probably centralize them?

Secretary Krug: I would certainly hope so, but I think

Mr. Davies has a better, more intimate point of view on that.

Mr. Davies: That is our objective, to centralize and unify, and I think we will get there working together.

Mr. Barton: I am all for you.

Secretary Krug: It seems to me from what I have seen of some of them, they could be just eliminated, but I am not too sure of that until we get all of the facts.

Mr. Hallaman: Colonel, I think Mr. Davies told me yesterday that that number had increased to about 32. So you are rather low.

Mr. Barton: Well, that is usual.

Mr. Hallaman: Are there any other questions, gentlemen? Well, if not, we will proceed on the report of the Committee on Nominations. Major Farley, are you ready to report?

Secretary Krug: Before I slip out of this meeting, I would like to say that I am very pleased with the attitude you gentlemen have in this. I am certain with this attitude we can work out all the problems. You found out during the war no doubt that it is the attitude of the participants that usually decides whether you bring home the bacon, and I found in the last meeting and in this meeting an open-minded attitude which I think will bring success to this Council.

Thank you.

Mr. Hallaman: We appreciate hearing from you.

Mr. Hardey: Mr. Secretary, I will ask to get back to the deliberations of the committee.

Mr. Hallinan: Could you indicate to us at this time how much more time you will need?

Mr. Hardey: A few minutes, Mr. Chairman.

(Short intermission.)

Mr. Hallinan: The house will be in order.

Mr. Jones: Mr. Chairman, there is a greater attendance than I suspected there would be with the Coordinating Committee in session. I wonder, in view of the fact that there is such a large number of the Council here, that we might not have some discussion on some of the problems that confront the Council. I have not in mind anything beyond that in the hands of the Secretary or the Director of the Oil and Gas Division, but such matters as raising funds. We are carrying on here and incurring some expense for mimeographing and, so far as I know, there is nobody who has any money, and I wonder if the Chairman has a suggestion as to how he expects to make a request for contributions or if he wants to invite suggestions from the floor. I have no program and I would welcome any. I think it is important, thought, that we get some of these details in the mill and we might save a little time by doing it now.

Mr. Hallinan: Well, Mr. Jones, the expense up to this time has been very nominal, but as we go from this meeting

and the committees begin to function we will have to have some office help.¹ Of course, there is a budget not to exceed \$50,000 a year, and that is to be raised by equal voluntary contributions by members of the Council, and it does not preclude that contributions should be received from anyone interested in the industry.

Now, I would like to get the reaction of the Council as to whether or not it would be desirable for the temporary organization to proceed with the collection of, say, half of the budget or something of that sort, at least that we would have some funds to carry on with until the next meeting.

I would like to have some opinion on that.

Mr. Jones: I think in order to get the matter before the Council I move that the temporary chairman be authorized to invite contributions of one-half of the estimated budget of \$50,000, so that you will have funds with which to engage offices and work toward the setting up of the machinery there. I assume that you need a secretary's office and temporary machinery and you will need some money forthwith. I would move you, sir, that you be authorized by the Council to make a request for contributions up to the amount of \$25,000.

Mr. Barton: I second that.

Mr. Hallanan: Is there any discussion?

A Voice: Question.

Mr. Hallanan: All in favor of the adoption of Mr.

Jones' motion indicate by saying "aye".

(A voice vote was taken.)

Mr. Hallanan: Contrary, "no".

(Another voice vote was taken.)

Mr. Hallanan: So ordered.

Mr. Barton: What is the membership of this Council?

Mr. Hallanan: 85.

Mr. Barton: You are limited to \$50,000?

Mr. Hallanan: Yes.

8- Mr. Barton: That is going to be pretty skimpy? You can always increase that, I suppose?

Mr. Hallanan: Well, the lid is on pretty tight according to this report we adopted today.

Mr. Jones: I understand, Mr. Chairman, the budget is limited to \$50,000 in the constitution and that can only be amended by committee action. Of course, I take it that that budget runs from June until next June, and on that basis we would have the advantage of the next three months accrual where the expenses have been very nominal.

Mr. Majewski: Mr. Chairman, you brought up the question of the budget, and in our case that is very easily explained by the people who were working on the committee for organization, and equal solicitation does not make it requisite that everyone solicited make a contribution. In other words, it is not requisite that membership on the Council be based

on whether you contribute a nickel or not, and there are certain people here elected on the Council who may not feel that they can contribute \$700, if that is the equal division of \$50,000 by 85, or that they may only be able to contribute a hundred, or they might not be able to contribute anything. You will find that there are some that can't contribute \$300 or anything. They are still members of the Council and will be set apart. The rest of the solicitation then will be on the basis of those remaining footing the bill immediately.

I would like to bring that up: That it is not requisite that any member contribute \$1 to be a member of this Council, and I think that is an important point to develop.

Also, this gives you plenty of authority as chairman, Mr. Hallinan, to prepare a budget and submit it to the Council at its next regular meeting. You have already been authorized to make the solicitation for \$50,000. I had hoped that Mr. Jones -- as our little stinking outfit doesn't have too much money --

Mr. Hallinan: Not for \$50,000, Barney.

Mr. Majewski: I thought you would really make it for \$50,000. I remember that during the PWC that held if anybody suggested that we approved any appropriation for less than \$100,000 it wasn't worth a damn. We were printing circulars and booklets at the rate of so many millions, big

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sums of money, so I am surprised you didn't make it the whole \$50, but it is all right with me \$25.

Mr. Blazer: Mr. Chairman, I also want to call attention to the fact that it is permissible for people not represented on this Council to make contributions and although it will not be the policy, I understand, to request such contributions, they will be accepted with pleasure.

Mr. Halloran: That is right. Nobody in the industry will be required.

Mr. Brazell: Well, then, it will amount to members of the Council contributing for being members.

Mr. Majewski: No. That is what I made quite clear in my statement.

Mr. Blazer: You mean that it will be made known that people who are not on the Council can submit contributions but they will not be solicited?

Mr. Halloran: That is right, and I think we can make that known through the trade journals.

Another matter, gentlemen, that I think I should bring to your attention is that up to this time we have no provision for a treasurer, or no one authorized to collect or disburse funds.

Mr. Jones: Perhaps Mr. Brown will be willing to act as temporary treasurer.

Mr. Russell B. Brown: That is the job I was to hopes I

could avoid.

Mr. Jones: Temporarily I think he could do it.

Mr. Russell B. Brown: I would be glad to do anything to get it finished. I will do whatever the Chairman says.

Mr. Kajewski: That requires, in my opinion, a formal resolution authorizing the Chairman to prepare a resolution that will meet the requirements for your suggestion for the expenditure of money.

Mr. Hallanan: I take it in the first instance it requires action by the Council to elect or name a treasurer. Now, whether it is to be Mr. Brown or Mr. Brown --

Mr. Jacobsen: I think he is to be named by the Chairman with the advice of the Nominating Committee.

Mr. Jones: I nominate Mr. Russell Brown to be temporary treasurer of the Council.

Mr. Barton: I second it.

Mr. Hallanan: All in favor of Mr. Brown as temporary secretary-treasurer will indicate by saying "aye".

(A voice vote was taken.)

Mr. Hallanan: Contrary, "no".

(A voice vote was taken.)

Mr. Hallanan: It is so ordered.

Mr. Hill: Mr. Chairman, I move that his compensation be \$1 per annum.

Mr. Roesser: Mr. Chairman, I move that bond be waived.

Mr. Hamon: Mr. Chairman, is there any possibility of expediting this thing? A lot of the members -- I am not one of them, but out of courtesy to some of them -- Mr. Davies, do you feel it would be possible to carry on with some of the program? We have got five members out. I grant you they are important members, but I just wonder if we could go on with the discussion while we are waiting.

Mr. Davies: If you ask my opinion, I think so.

Mr. Majewski: Discussion of what, Mr. Chairman? There is a line you have to draw, it seems to me. Discussion of what?

Mr. Davies: I can explain my answer. The specific problems that I have brought into the Council at this meeting, I have given the Chairman a written statement of what they are. You may or may not want to deal with them in the absence of these other members; I don't know.

Mr. Majewski: That was the real reason why I did not want to deal with them. We are governed by a book of rules and they have been approved unanimously, and I think they are wise rules. There can be no discussion on those subjects that you have turned over as the Director of the Oil and Gas Division. All we can do, at the appropriate time when we have the appointment of the Agenda Committee, is refer it to the Agenda Committee for discussion, so that is all the discussion we can have.

Mr. Jones: May I ask Mr. Majewski to review the rule to see whether Mr. Davies can't tell it to the Council?

Mr. Majewski: If George Hill were here he would make this statement. I have to protect George as his lawyer. I will give you the real decision as to what he should have made later. He was wrong. There was a correct decision for him to make, and for your information, the correct decision was that Charlie Roeser should have asked Major Hardey for consent to amend his motion, and all Major Hardey would have had to say would be "No, Charlie." George, I am just holding the floor because they want to discuss those matters that are to be referred to the Agenda Committee.

Mr. Ballaman: Barney, there is no disposition upon the part of the Council to discuss those matters.

Mr. Majewski: I was just warning you how you could proceed.

Mr. Ballaman: I think the Chair could reasonably anticipate that in the course of the afternoon we will have to consider a report from this committee which will recommend to the Agenda Committee. I have before me a letter from Mr. Davies, Director of the Oil and Gas Division, which brings before the Council certain matters in which the Oil and Gas Division seeks advice or information.

Now, as Mr. Majewski has indicated, it becomes my duty to lay this before the Council for its information, but for

no consideration or discussion, and I see no objection from a parliamentary standpoint or even from a legal standpoint at this time to having this communication read with the understanding that no discussion these matters will follow but that it will take its course in being referred to the Agenda Committee when that committee has been elected.

Now, is there anyone in the Council who dissents from that view?

Mr. Barton: What is the Council to do, Mr. Chairman?

Mr. Hallanan: The Council receives this report in due course and it is referred to the Agenda Committee and then the Agenda Committee reports back to us whether or not those are proper matters for the Council to consider and act upon.

Mr. Barton: Then we can discuss it?

Mr. Hallanan: That is right. This, I think, gentlemen, will give you an indication of some of the matters which are before the Department and which will necessarily have to be given rather prompt attention.

Mr. Russell B. Brown: This letter is dated September 26 and addressed to Mr. Hallanan:

"There are presently pending before the Oil and Gas Division certain problems concerning petroleum on which the advice and recommendations of the Council are desired. It will, therefore, be appreciated if the Council will undertake a study of the problems hereinafter listed and

submit to me at its earliest convenience its view relating to such matters and such information and recommendations as it deems appropriate.

"The problems hereby submitted to the Council for its advice and recommendations are as follows:

"1. There is need for the assembly, compilation, and analysis of petroleum statistics on a world-wide basis in a manner comparable to the information assembled by the Petroleum Administration for War. The petroleum industry, by a resolution of the Petroleum Industry War Council, itself stressed the essentiality of this work and urged its continuation under appropriate Government sponsorship. The Council is requested to establish a committee for the purpose of obtaining, compiling, analyzing and submitting to the Oil and Gas Division petroleum statistics on a world-wide basis.

"2. There is a shortage of pressure tank cars for the transportation of liquefied petroleum gases which threatens seriously to interfere with the meeting of essential industrial and civilian requirements. Other industries are competitors of the petroleum industry for these cars and the question of relative priorities must be determined. The Civilian Production Administration has requested the Oil and Gas Division to participate in such decisions on this and related matters as

the Government may reach. In order that the Division may be adequately informed, the Council is requested to establish a committee for study of this matter and to submit such report and recommendations with respect thereto as may be deemed appropriate.

"3. There is an acute shortage of materials of various kinds needed by the oil and gas industry, particularly materials containing steel, lead and other metals, which is affecting various activities of the industry that are vital to the national welfare.

The Oil and Gas Division is looked to by the Government agencies controlling the allocation of these materials to present the requirements therefor of the petroleum industry. In order that the Division may be adequately informed, the Council is requested to establish a committee for study of this matter and to submit such report and recommendations with respect thereto as may be deemed appropriate.

"4. The Department of the Interior has drafted proposed revisions of the regulations implementing the Federal Mineral Leasing Act, as recently amended. The Council is requested to establish a committee to consider the proposed regulations and to submit such report and recommendations thereon as may be deemed appropriate.

"5. At the request of the Air Technical Command,

the Bureau of Mines is engaged upon a program of investigative and statistical work relating to the future availability of fuels for military aircraft. The question of refinery capacity for the production of such fuels in varying proportions and quantities presents complicated technical problems. In order to obtain an authoritative technical evaluation of refinery capacity, the Bureau of Mines has requested the Oil and Gas Division to obtain the establishment by the National Petroleum Council of a committee to obtain and compile the necessary data. In order that the Oil and Gas Division and the Bureau of Mines may be adequately informed, the Council is requested to establish a committee for study of this matter and to submit such report and recommendations as may be deemed appropriate.

"6. Various questions of great national importance relating to the adequacy of domestic reserves, of the importation of crude oil and its products, of access to foreign reserves, and of actions by the Government relating thereto which should be taken to insure the adequacy of oil supplies for the United States are continually arising. The Secretary of the Interior acting through the Oil and Gas Division has been charged by the President with coordinating and unifying Federal petroleum policy. It is the view of the Secretary and

myself that these are matters on which the advice and counsel of the petroleum industry are vital if Governmental action is to be intelligent and effective and based on a full understanding of all of the facts. It seems clearly advisable that there be a committee of the Council to study such problems in the manner that the National Oil Policy Committee did during the existence of PAW. The Council is requested to establish a committee for the study of these matters and to submit such reports and recommendations with respect thereto as may be deemed appropriate.

"In carrying on these studies the Council and its committees will be expected to obtain, compile, and analyze all pertinent facts, figures, and other data and to receive such expert assistance from any company, organization, or person as may be deemed advisable.

Sincerely yours,

/Signed/ Ralph K. Davies,

Acting Director."

Mr. Hallaman: This letter is from the Director of the Oil and Gas Division, with the requests contained therein, which will be referred to the Agenda Committee for consideration and recommendation to the Council.

Mr. Hanon: Is Mr. Davies allowed to amplify any of those if he desires, or must he put them in writing, or

can't be amplify them personally under this Polish constitution we have?

Mr. Majewski: We discussed the Polish constitution. We like qualified people ask him questions about it.

Mr. Davies: I may ask the Council how far I can go. My own understanding is that there aren't any limitations on whatever I want to say in presenting a subject.

Mr. Friedman: There is no limitation upon how far the Government may go.

Mr. Hallanan: Limitations exist upon our discussion of the matter before action by the Agenda Committee. There is no limitation upon Mr. Davies. Mr. Davies, will you proceed?

Mr. Davies: Well, I would only add that some of these problems are rather pressing and I would hope that the Agenda Committee would be able to open discussion here in the Council before the day is over so that something will take place rather quickly, particularly a matter such as that tank car question, for example. If we don't do something on that pretty quickly, the tank cars will not be made available to the oil industry. There is a case where the Government organization can be distinctly helpful to the oil industry, but we have to have the facts before we can function. We will have to get the facts from you.

Mr. Dunnigan: Mr. Chairman, it seems as though a committee as carefully chosen as that Nominating Committee could

act a little more expeditiously. Couldn't we nominate a committee to goose the committee? *

Mr. Halloran: I will appoint you a committee of one to investigate what they are doing.

(There was a short intermission.)

Mr. Dunnigan: Mr. Chairman, the committee reports that the committee will be in with a report in five minutes, and Mr. Zook in a minority report of the committee said to tell you you are being ignored.

(Short intermission.)

Mr. Majewski: Mr. Chairman, the question has arisen as to whether there will be any opportunity to make nominations in addition to those made by the Nominating Committee or to question or to ask that some be substituted for those nominated from the floor.

Mr. Halloran: The question will be on the Nominating Committee's report and then that can be amended, of course, in any respect.

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Mr. Majewski: From the floor?

Mr. Hallanan: From the floor.

(Short intermission.)

Mr. Hallanan: The Council will be in order.

The chair recognizes Major Hardey.

Mr. Hardey: Mr. Chairman, in our report for the Nominating Committee, I would like to say that we apologize for taking so much time, but we did it in the interest of trying to secure a balance on these committees. We wanted to have territorial representation on both committees. We had to live within the limitations imposed by the report on the Agenda Committee of including three attorneys on it. They necessarily left off some names we would like to have included on the Agenda Committee. We tried to secure proper balances between major companies' representation and independent representation. For that reason, this report is delayed; but we do think that this is properly balanced territorially and representatively throughout the industry, and I would like to read first the nominations offered for the Agenda Committee.

For the Agenda Committee:

A. Jacobsen

W. S. Hallanan

W. R. Boyd, Jr.

B. L. Majewski

WLC2

Howard Marshall

B. A. Hardey

George A. Hill, Jr.

Heinz Baker

W. H. Ferguson

R. G. Follis

A. C. Mattel

For the Appointment Committee:

B. Brewster Jennings

H. L. Thatcher

* W. Milton Jones

W. S. S. Rogers

Charles F. Roosor

Robert Wilson

Frank M. Porter

Henry D. Moyle

E. E. Pyles

Charles S. Jones

Jake Hamon

I would to, Mr. Chairman, on behalf of the Nominating Committee to move the adoption of this report.

Mr. Hamon; I second it.

Mr. Hallinan; You have heard the report of the Nominating Committee and the motion that it be adopted. It has been seconded.

Are there any remarks? No, you may take this question

WLC3

Mr. Majewski: I would like to make a request for a substitution. In the place of B. L. Majewski on the Nominating Committee, I would like to nominate Mr. Gordon Duke.

So, in substitution for B. L. Majewski, I nominate Gordon Duke, and that will avoid a tremendous amount of criticism from the press.

Mr. Jacobsen: Is it all right to make that request?

Mr. Majewski: I am always on the Council and ready to serve, but I think you should recognize this: that the Agenda Committee is the functioning committee, the executive committee of this Council. The criticism will be that you are overwhelmingly producers. Now, I have no criticism of that whatever. I think that is proper and fitting, and I don't criticize any other appointment except the one of B. L. Majewski, and I ask that you substitute for that so that you do not have a torrent of criticism by saying that you fail to recognize jobbing.

Mr. Dunnigan: Mr. Chairman, for the sake of clarity in Mr. Majewski's matter and for the information of the rest of us, would there be any objection to the chairman or the Nominating Committee reading each name and suggesting whether he is a major or an independent.

Mr. Hersey: I will do that.

Mr. Hallanan: I think the only way is to list the company for each.

WLC4

Mr. A. Jacobson is with Amerada Petroleum Company in District 1, independent.

W. S. Mallahan is a producer in District 1.

Mr. W. R. Boyd, Jr. is representative, I would say, of all elements in the industry.

Mr. B. L. Majewski was intended to represent the marketers.

Mr. Majewski: I think the other choice is more acceptable to the rest of the committee.

Mr. Hardoy: Mr. Howard Marshall is an attorney and a marketer.

B. A. Hardoy is an independent producer.

George A. Hill is an independent producer, both of us from District 3.

Mr. Heins Baker was nominated because of his legal ability and he is one of the qualifying members on the committee.

Mr. W. H. Ferguson is a refiner, marketer and producer.

Mr. R. G. Follis is a refiner and producer from the Pacific Coast.

Mr. A. C. Mattai is an independent producer from the Pacific Coast.

As I mentioned to you, necessarily the limitation placed on the appointment of this committee by the three attorneys meant we had to leave off some names that we rightfully felt belonged on that committee. It so happened that Mr. Hill was both an attorney and a producer. So that

WLC5

saved one name on the committee.

Mr. Majewski: I merely made a suggestion as to substitution.

Mr. Hardey: Well, we found that there were five majors on the committee and six independents.

As to the Appointment Committee:

Mr. B. Brewster Jennings is representative of District 1 and represents a major company.

Mr. H. L. Thatcher is representative of the independent producers.

Mr. W. Alton Jones represents a major petroleum company from District 1.

Mr. W. S. S. Rogers represents The Texas Company. He is with The Texas Company, as you well know. He lives in District 1, has the bulk of his production in District 3, and is a major marketer, refiner and producer.

Robert E. Wilson, from District 1, a marketer, refiner and producer.

Mr. H. L. Thatcher -- I stand corrected -- is a marketer representing several marketing organization, and he hails from District 3 -- doesn't he?

Mr. Majewski: He lives in Tennessee.

Mr. Hardey: That is out of the oil country, so far as I am concerned. He lives in District 3.

Mr. Majewski: 2.

WL66

Mr. Hardoy: 27 Jake Hanon is an independent producer from District 2.

Charles F. Roeger is an independent producer of District 3.

Frank M. Porter is from District 3 and represents a major company.

Mr. Henry D. Moyle is from the Rocky Mountain area, District 4, classed as a marketer and refiner and producer.

Mr. H. E. Pyles, from the Pacific Coast, is an independent producer.

Charles S. Jones represents an integrated company. He hails from the Pacific Coast and is a refiner, marketer and producer.

We went over this very carefully. We tried to get this territorially by segments in the industry and tried to keep a balance between independents and majors in the whole set-up, and that is why we took so much time.

Mr. Majewski: There is one independent marketer on each committee, Thatcher and Majewski, and I say Gordon Duke represents one who will be more acceptable to the marketers than Majewski, and I move the adoption of that. You don't have to vote on my substitution if Major Hardoy would please put

Mister --

Mr. Hardoy: If it is your desire, we will be glad to do it in all sincerity. We were very careful in considering the gentlemen's names placed on the committee; so, if it is agree-

WLC7

able with the balance of the committee we will substitute for Mr. Majewski.

Mr. Hallanan: Major, may I ask the further indulgence of the committee?

I see no reason why I should be named on the Agenda Committee. I don't know what the reasoning was there, and I would suggest that my name be removed, and I would like to suggest the appointment of Mr. Holman in lieu of myself. Mr. Holman is from District 1, and I think he should be on the Agenda Committee.

Mr. Zook: Mr. Chairman, we had Mr. Holman on this up until the last moment, and with great regret we took him off. I think we will be subject to criticism if we have Mr. Heins Baker and Mr. Holman both on the same committee. We just regret it greatly that there wasn't room for Mr. Holman's name on the Agenda Committee.

Mr. Holman: I would just like to say that I think the committee did a fine job.

Mr. Majewski: Mr. Chairman, we went to a lot of trouble to see that we would have at least three attorneys who are not members of the Council. We were so positive that we would not get into any difficulties that we went to that extreme to put that in our by-laws. It says that you could put at least three -- you could put more than three -- that was the reason for it, so that we could get this outside counsel that would

WLC8

really protect us, and I don't mean protect us, the major companies, but protect every member of this Council who did not have the facilities or the funds to hire experienced counsel, and I regret to say there was removed from this list such names as Charles Hardey and George Kegler, fellows who are marketers, who know what marketing is, and who, during the war, acquired a reputation for fair dealing, and I am sorry that you did not find room for those people, Council members, who know how to express themselves, whether the Agenda Committee or the Appointment Committee, and, therefore, as a proper representation because they are already in the Council. I am sorry you did not see fit to take at least two more lawyers who have an acceptance by everybody, independent or major, in the industry.

Mr. Harday: I would like to say, in reply to that, that we tried to adhere to the policy of not placing two men in one company on the committee, whether they be attorneys or executives, and for that reason we regretted that Mr. Kegler could not be placed on there. We recognize the ability of those men, but we only had 11 men we could place on there, and I appreciate the fact that those 11 men are all qualified, and I wish we had had room for two or three more lawyers on there without interfering with the membership of the committee.

Mr. Jacobsen: I would not think that the balance between independents and majors is nearly so important on the Agenda

WLC9 Committee as it is to get the very best legal advice we can on the Agenda Committee. Most of the decisions on the Agenda, I think, will be governed by legal considerations, and I would be very glad to retire from the Agenda Committee if you will add another lawyer to it in addition to those that you have. It is very important to have the very best possible legal talent we can get on that committee, and the balance between majors and independents, I believe, is far less important on the Agenda Committee.

Mr. Hardey: If you will ask that your name be withdrawn, I will ask that the committee meet for a minute.

Mr. Jacobsen: All right. I will ask that I be withdrawn.

Mr. Hallanan: Mr. Hardey, may I make this suggestion: That I would very much dislike to see Mr. Jacobsen removed from that committee. Put a lawyer on in my place. That will solve the problem.

Mr. Hardey: I think it would be proper, Mr. Chairman, to have amendments from the floor to substitute for those withdrawn names.

Mr. Roeser: Mr. Chairman, I think the committee has done a very fine job and also many qualified lawyers would be of help, but isn't it a fact that in the case of these outstanding lawyers we are talking about they will all be available for advice and consultation? Let us go ahead and elect our committees, and these lawyers will be available for advice.

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A Voice: Question.

Mr. Hallinan: Question.

Mr. Majewski, have you withdrawn from the Agenda Committee and has someone been placed upon it?

Mr. Majewski: Oh, yes, with the graciousness of the committee I am no longer on it.

Mr. Hallinan: Are there any other nominations to be made from the floor?

All in favor of the adoption --

Mr. Brazell: Are we voting only on the motion or the committee's report?

Mr. Hallinan: We are voting on the committee's report which embraces only the one committee.

Mr. Brazell: It seems to us on the Appointments Committee you have a number of producers and you have one, possibly, a marketer and two, maybe, that might be classified -- you have one that might be classified as a refiner, and I would like to suggest the name of Mr. Paul Blazer, who is a refiner. I should just like to suggest that there are refining problems that will come up from time to time, and he is familiar with the business and has been. I would like to suggest his name as one that might be substituted.

Mr. Hallinan: For whom?

Mr. Blazer: Mr. Chairman, the fact that there are lawyers here would preclude the inclusion of my name.

WLC11

Mr. Hallanan: The question is ready for a vote. All in favor say "aye".

(A voice vote was taken.)

Mr. Hallanan: All contrary, "no".

(A voice vote was taken.)

Mr. Hallanan: And the report of the committee is unanimously adopted.

Mr. Duke: Mr. Chairman, may I say a word in reply to Mr. Majewski?

I don't believe that any independent should have been on that committee. I never could get him to look at me long enough to enable me to tell him to be quiet.

Mr. Majewski: Yes, you are right.

Mr. Hallanan: There have been matters brought to the attention of the Council from the Director of the Oil and Gas Division which are being referred to the Agenda Committee.

Is there any desire now upon the part of the chairman of the Agenda Committee, Mr. Jacobsen, to call the meeting?

Mr. Jacobsen: Wait a moment. I was not named chairman of that damned committee.

Mr. Hallanan: You were the first named on it.

Mr. Jacobsen: No. I was just a member of it, and I think very definitely that the chairman of the Agenda Committee should be a lawyer.

Mr. Kersey: We left it up to you gentlemen to nominate

WLC12

your own chairman. It was purely accidental that your name was first on there.

Mr. Hallanan: What is your further pleasure?

Mr. Jacobsen: Honestly, I think that the chairman of that committee should be a lawyer.

Mr. Hallanan: Well, then, the Agenda Committee will have the opportunity to make its selection when they meet.

What is your further pleasure?

Mr. Zook: Would it be in order for you to request the two committees to meet and organize immediately?

Mr. Hallanan: I wanted to see what further business we had for the Council.

Mr. Zook: We have not conferred with the Government in the appointment of this committee.

Mr. Devine: Well, I consider consultation has taken place. At least, I have had a chance to speak up.

Mr. Majewski: May I make one suggestion, if you please? If you are not going to take up any further business at this time, I suggest that you appoint the Nominations Committee to sit within the next 90 days to receive nominations from the Council for the posts of chairman and vice chairman of the Council to be acted upon at sometime in the future, not a special meeting but at a regular meeting. I would like to the Nominations Committee not functioning under pressure as this one was. We have got plenty of time in which

to act on it, and I think this is the appropriate time to nominate a committee of five representative of the industry and representative of the five geographic areas of the country to accept nominations and review them for the important posts of chairman and vice chairman of the Council, with no action to be taken until some future meeting. I don't say even the next one. They might not be ready to report. I would like to move the appointment of such a committee.

Mr. Hill: Barney, would you mind suspending the action on that for a minute?

Mr. Majewski: Yes.

Mr. Hill: It seems to me that the Agenda Committee and the Appointment Committee should immediately organize. The Agenda Committee should immediately make recommendations if they can, or upon such of the matters as they can, to the Council while it is here so that it will determine these matters that have been submitted, whether they will approve the action of the Agenda Committee and so that the chairman may appoint the committees, or at least have this opportunity to consider with the Director of the Oil and Gas Division the personnel of those committees along with that of the Appointment Committee and get this thing to functioning. Now, there is no opportunity that we are going to have in the next 90 days to do that if we don't do it now.

Mr. Jacobsen: You mean now?

Mr. Hill: Right now, and that will take out of circulation here 22 people at once, but that are prerequisite to our functioning for another 90 days, to get that done.

Mr. Majewski: It will not take but a minute to pass on my motion. I mean, we were so anxious before to do a job right, and I am giving you the opportunity, so to avoid all this hocus pocus --

Mr. Hill: I second the motion.

Mr. Majewski: Thank you.

Mr. Hill: To appoint a committee of five and receive nominations so that they can bring in a nomination at the next regular meeting.

Mr. Majewski: Right, and to be geographically representative of all of the phases of the industry.

Mr. Hill: With two nominees; that is impossible.

Mr. Dunnigan: The Nominating Committee he means.

Mr. Hallinan: Any discussion on the motion?

for Mr. Jones: This is Majewski's notion we are voting for?

Mr. Hallanan: It has been seconded, Mr. Hill.

Mr. Hill: Yes.

Mr. Hallanan: All in favor of the adoption of Mr. Majewski's motion indicate by saying "aye".

(A voice vote was taken.)

Mr. Hallanan: Contrary, "no".

(A voice vote was taken.)

Mr. Hallanan: It is so ordered.

May we have a meeting of the Agenda Committee immediately following the adjournment of this Council, and would it be in order first to have a night session of the Council to receive the report of the Agenda Committee with the hope that we might conclude our sessions until tonight, or would it be the desire of the Council to adjourn until tomorrow?

Mr. Jones: Mr. Chairman, it occurs to me that this Agenda Committee may have need for considerable deliberation, and I wonder if machinery is provided for interim work on the resolution itself. I wonder if we need to hold this Council in session to debate these questions. I understand that no report will be made until the Council passes on it, but if the Agenda Committee after due deliberation decides that these committees should be created, the temporary chairman has the power to create them in the interim. I do not believe we can get an Agenda Committee to resolve these questions, all of which have been put here this afternoon,

and the question was as to whether we should hold a meeting tomorrow. I doubt that there will be a quorum.

Mr. Hallanan: That is the reason I made the suggestion of the possibility of a meeting tonight. I was only doing that with the thought that we might have some difficulty getting a quorum here tomorrow.

Mr. Jacobsen: I would like to bring up this suggestion, if I may, regarding the Agenda Committee. Of the members of the committee, George Hill is here; he is a lawyer. Mr. Boyd is here. Heinz Baker is not, but we have the advantage of having with us here George Kegler, and is Mr. Hardey still here? He went home? Well, then, we can use the three of you. And I would suggest along the line that George Hill just recommended that the Agenda Committee go to work immediately with these lawyers and let us give those items there a going over. In regard to some of them, the lawyers may be able to say, yes, this is quite safe. In regard to others, "No. Wait a moment. We had better give this a detailed, careful look before we go any further," and in respect to others they might be willing to turn thumbs down right away. I think we ought to go ahead right away, George.

Mr. Hill: I had in mind there it would be some of those matters not urgent in point of time -- that their consideration would be had sometime, but I had in mind one matter that

I know Mr. Davies is interested in because we had sent out these proposed regulations in respect to the Government federal leasing in which a hearing will be held in Denver at an early date, and if it were determined by the Agenda Committee that that was something that they could favorably report to the Appointments Committee it would be available for the appointment of a committee that might sit in or have some representative sit in at that hearing and accumulate a lot of material needed for the basis of their report back to the Council.

That was one of the things that seemed to be urgent on the list referred to.

Mr. Jones: Not wishing to prolong the argument, George, but I only submit that the machinery is already available by which the matters could be considered by both the Agenda Committee and the Appointments Committee. The chairman can appoint appropriate committees to go ahead. I would hate to see us push the Agenda Committee to a partial report because I fear that it may bring up discussions here that otherwise would be avoided.

Mr. Jacobson: I would like to say this: That in point of time apparently the one you mentioned, George, is the most urgent.

Now, with regard to that question of Federal leasing act, I had the benefit a moment ago of the offhand advice

of George Kegler, and of the items on that list the one that George Kegler passed immediately as being quite all right for us to deal with was that one of the Federal Leasing Act, and there we have the great advantage of having with us Bill Ferguson, who is also a distinguished lawyer and who has worked on that subject before, and there is no better man in the world to handle that than Bill Ferguson.

Mr. Hardoy: Mr. Chairman, I suggest that the Chairman instruct the two committees to go ahead and meet now and conduct their work, so we will have a contact man to work with the Chairman.

Mr. Jones: I still rise to the question as to whether we should hold this Council pending that report.

Mr. Rowan: Is it your contention, Mr. Jones, that the Council has a right to appoint a committee before the Council passes upon it?

Mr. Jones: That is right.

Mr. Ballaunnis: But it comes back to the Council though for its consideration.

Mr. Jones: In the interim we could not do anything, you see, unless there was machinery provided. Now, I am afraid to hold the Council here it will serve no purpose.

Mr. Jacobsen: It means that those committees will not report direct to Mr. Davies. They have got to report to the Chairman.

Mr. Hallanan: Well, Major Hardey, will you place that in the form of a motion?

Mr. Hardey: I will move you, Mr. Chairman, that the temporary chairman of this Council immediately request the two newly appointed committees to organize and appoint their chairmen and get ready for work.

A Voice: I second it.

Mr. Majewski: I am in favor of that, except I would like to ask one question. Doesn't the Council elect the chairman, or do the committees?

Mr. Hallanan: The committees elect the chairman.

Mr. Majewski: In the original draft we had in it that the Council would, as you just stated, elect the chairman, and I was looking at this to see if it was still in there, and it is still there, and I was asking the question.

Mr. Hallanan: You have heard the motion of Major Hardey: All in favor say "aye".

(A voice vote was taken.)

Mr. Hallanan: Contrary, "no".

(A voice vote was taken.)

Mr. Hallanan: It is so ordered. It is ordered that the two committees, the Committee on Appointments and the Committee on Agenda, meet promptly. I was wondering whether one committee might meet in this end of the room and one committee down at that end of the room.

Mr. Majewski: I would like to ask you another question before you break this up. People are going to ask, "What happened?" Who is going to tell them what happened today? It is very important. You wrote a charter for the industry and you are proceeding to function under it. Who is going to tell them and when?

Mr. Hallinan: It will be given out through a release through the Interior Department and the report has already been released.

Mr. Majewski: Is it ready for the reporters so they will know?

Mr. Hallinan: The revised report will be available tomorrow morning.

Mr. Majewski: That answers my question.

Mr. Roesser: Mr. Chairman, I would like to be cleared up on one point. These matters which Mr. Davies asked to take into consideration by the Council will now go to the Agenda Committee. The Agenda Committee takes care of the action and reports to the Council and the Council after it approves the action of the Agenda Committee. What appears to me is if we can't take that vote by mail so you will not have a loss of 90 days working on a subject that needs immediate attention.

Mr. Hallinan: For your information, it is provided that if the Agenda Committee approves any of these suggestions

they report so to the Chairman, who is authorized to appoint a committee in the interim, which committee will report back to the Council.

Mr. Reeser: Not after the Council meeting?

Mr. Hallinan: That is right.

Mr. Jones: That is why I urge that we not hold the Council in session this evening.

Mr. Davies: Now, you say they report back to the Council. There will not be a Council meeting for 90 days, and some of these matters we would hope to hear about from the working committees before 90 days. It is not clear how we get the benefit of the reports of these committees short of waiting 90 days for these committees.

Mr. Rowan: Mr. Chairman, let me refer you to page 4 of the Organization Committee report.

Mr. Hallinan: We have adopted the other procedure, but it comes back to the Council before it goes to the Oil and Gas Division. It comes back from the committee in the interim for consideration of the Council at the next meeting.

Mr. Jones: The answer to Mr. Davies' question is unless a special meeting of the Council were called we could not act upon any of the matters submitted today until three months from now.

Mr. Davies: That is not too practical; is it? This tank car thing I mentioned or the Leasing Act, that will

probably all be settled by the time the Council meets again.

Mr. Jones: The only thing would be to call a special Council meeting.

Mr. Davies: Or could you make any exception as applied to urgent matters? I can see that is the system, and the way it ordinarily works, but there are a couple of items in there that will be ancient history in 90 days.

Mr. Hamon: Mr. Chairman, the reason I say this, I remember in history that the old kingdom of Poland had a parliament that could not do anything much except by unanimous vote, and I am not going to discuss any of these things before them, but we will assume we are talking about the old Polish parliament, and if they had to have an answer on whether or not they should have some things, maybe the parliament ought to have met in the evening and received some committee reports from the Agendas and the Appointments Committee and perhaps given some brief instructions as to how to proceed in connection with their task ears and everything. It is a hypothetical statement. I am not discussing anything. I am just speaking historically.

Mr. Holman: We realized at the time we set it up that it is something that could not live too fast. I think it is very important that this thing proceed along the letter that we set it up, both from a policy standpoint and a legal standpoint, and if there is anything urgent enough

that you have to have action on it, I think the only proper way is to call a special meeting, and that is the procedure I would hope we would follow.

Mr. Jones: If the committee signs any particular report in 20 days or 30 days, the chairman could call a special meeting.

Mr. Blazer: Mr. Chairman, I think it is legally correct and practical that the Agenda Committee pass on this in the next 30 minutes, the question of tank car pressure, and refer it back, and this body can vote to act on it, or any of the others.

Mr. Hill: That still would not cover the point. When those committees had finished, they report back to this Council and the Council is the one that makes the recommendations, you see.

Mr. Blazer: But there is a step in there. The Council has the right to make recommendations, and they have to decide whether they will accept the question or not, and I do think we will take at least that much of a step today.

Mr. Jones: That does not require Council action at all. The Agenda Committee has a right to determine in the interim whether a study will be made, but the Council has the final determination as to whether the advice shall be given to the Secretary.

Mr. Blazer: It says the Council reserves the right to

consider whether it will or will not consider anything referred to it.

Mr. Hallanan: Well, what is your further pleasure about the adjournment of this meeting of the Council?

Mr. Jones: I think it is adjourned. I wanted to make it.

Mr. Hallanan: I wanted to keep that open before we had taken final action. Be sure not to close the door.

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Mr. Jones: Yes, but I honestly believe, Mr. Chairman, that there is no real purpose in keeping the Council here in consideration and in session.

Mr. Hallanan: Do you move we adjourn?

Mr. Jones: I do, Mr. Chairman.

A Voice: I second it.

Mr. Hallanan: Upon the adjournment of this Council, the two committees will meet in this room, the Agenda Committee on this side, and the Appointments Committee on that side, for the purpose of effecting the organization.

(Whereupon, at 5:20 o'clock p. m., the conference adjourned.)